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Owen, Karadzic Comment on Belgrade Talks

AU0807204793 Belgrade Radio Beograd Network in Serbo-Croatian 2000 GMT 8 Jul 93

[Text] Here are some highlights from the news conference by Lord Owen and Radovan Karadzic. Jelena Vidic reports:

[Cochairman of the conference on the former Yugoslavia] Stoltenberg said that the aim of the talks in Zagreb yesterday and in Belgrade today was to find the elements that would facilitate the continuation of the negotiating process. In a reply to a journalist's question, Lord Owen [cochairman of the conference on the former Yugoslavia] mentioned the parts of the negotiations in which progress has been made. These are constitutional principles, military documents, and human rights.

The area in which no agreement has been reached in full is the problem of maps, and we focused our attention on this tonight, Owen said. The most important principle that appears to be acceptable in both Zagreb and Belgrade is that they must come with proposals that will be fair and acceptable for the Bosnian Muslims, Owen stressed, adding that all three sides must be satisfied with the solution.

Radovan Karadzic [leader of the Bosnian Serbs] stressed that in addition to its efforts to stop the war, the Serbian side considers it very important to satisfy the interests of the Bosnian Muslims. It is in our interest that a solution be found as soon as possible, Karadzic stressed.

"We hope that a way will be found for the FRY to return to the international community and not to remain outside it," Owen said. He then went on to add that this was the context in which the issue of a CSCE observer mission to Kosovo should be viewed. "This is a very sensitive issue at the moment," Owen said, and added that it should be resolved as soon as possible.

Lord Owen revealed that today's talks also included Serbian-Croatian relations and pointed out the importance of normalizing relations between Zagreb and Belgrade. In this area, the negotiations in Geneva between the Serbs from Krajina and the Croatian Government are particularly important, although, as he noted, they have not yet achieved results.

In Lord Owen's words, the Maslenica bridge is a particular problem. He cautioned that it could again trigger Croatian-Serbian confrontation because of its importance to the Croatian economy. Owen said that the cochairmen have pointed out to the Yugoslav president the importance of resolving the Bosnian crisis. He said that he and Stoltenberg have called on the Yugoslav authorities to publicly support the latest proposals put forward by the Bosnian Serbs and Croats, provided these proposals include a great deal of understanding and generosity as far as territories are concerned. Percentages and accesses to the Sava River and the Adriatic would be taken into account in the course of this power-sharing, while bearing in mind that Bosnia-Herzegovina has a majority Muslim population.

Commenting on the Muslim leaders' stands, Owen said he hoped that Alija Izetbegovic would soon express his opinion on the latest proposal on Bosnia's future organization, which was introduced by the Bosnian Serbs and Croats.

No New Round of Geneva Talks Soon

LD0807171693 Belgrade TANJUG Domestic Service in Serbo-Croatian 1608 GMT 8 Jul 93

[Text] Belgrade, 8 Jul (TANJUG)—David Owen and Thorvald Stoltenberg, cochairmen of the conference on former Yugoslavia, are not planning to convene a new round of the Geneva talks in the near future on the resolution of the Bosnian crisis.

Lord Owen told this to journalists following an hour-long meeting that the cochairmen held with Yugoslav President Zoran Lilic at the Palace of the Federation in Belgrade. Owen declined to explain why he was not currently planning a resumption of the Geneva talks. His colleague, Stoltenberg, indirectly explained this upon his arrival in Belgrade by saying that the situation in Bosnia was "critical" and by voicing great concern over a possible escalation of the war in the former Yugoslav republic.

Having stressed that this was the first meeting with newly elected Yugoslav President Lilic, Lord Owen said that they discussed several issues, including relations between the FRY and the European Community and, in particular, with the CSCE.

G-7 Urges B-H Factions To Find Agreement

LD0707143693 Belgrade TANJUG in English 1315 GMT 7 Jul 93

[Text] Tokyo, July 7 (TANJUG)—The leaders of the seven most industrialized countries of the West on Wednesday appealed to the three warring sides in Bosnia-Herzegovina to reach agreement as soon as possible and find a solution which will put an end to hostilities in that former Yugoslav republic.

An ethnic and religious war between Bosnian Moslems, Serbs and Croats has been underway in Bosnia-Herzegovina for 16 months. The situation in Bosnia-Herzegovina was one of the first topics at the G-7 summit in Tokyo which began on Wednesday, and the conclusions on the Bosnian problem will be included in the text of the summit's political declaration which will be announced on Thursday.

The leaders of Great Britain, France, Germany, Italy, the United States, Canada and Japan have underscored that the appeal is also being sent to the Bosnian Moslems, which could be interpretted as an end to hopes that the

West will intervene militarily in Bosnia- Herzegovina or exempt Bosnian Moslems from the embargo on arms deliveries. The Western leaders have thus made it clear that talks can take place only in Geneva and said that they wished the agreement to be reached without detriment to any of the warring sides.

Serreqi Urges International Missions in Kosovo

AU0807202293 Tirana ATA in English 1821 GMT 8 Jul 93

[Text] Tirana, July 8 (ATA)—In a letter addressed to the chairwoman of the CSCE Council of Ministers, the Albanian Foreign Minister Alfred Serreqi lays the stress on "the great worry of the Government of Albania over the alarming situation created as a result of the non-acceptance by the Belgrade authorities to prolong the mandate of the long-term CSCE mission in Kosova, Sandzak, and Vojvodina." Mr. Serreqi supports the opinion of the chairwoman of the CSCE Council of Ministers that the decision of the Serbian Government leaves space for creation of dangerous instable situations, it is a decision which proves of the ill-will and warmongering aims of Belgrade.

"Sharing with you the great worry of the Albanian Government, in the course of the tragic events of victims, provoked incidents, maltreatments, and total isolation for the Albanian population in Kosova," he writes, "everything makes one think of a Serbian tragic and deliberate program against Albanian population." Hence, the only international presence in Kosova is being eliminated and the Serbian terrorizing policy and ethnic cleansing will have no witness.

The non-existence of the preventing missions in Kosova makes more imminent the possible expansion of the conflict. It would be in the interest not only of the neighbouring countries but also of the entire Europe that this gap be filled so that international community manage to control and prevent the conflict. Therefore, the minister reiterates the request of the Albanian Government that "in the context of your relations with the UN secretary general, you would see the possibility of having in Kosova a presence of that organization." Albania has been among the first to demand establishment of these missions, convinced of their essential role and activity which have, undoubtedly, contributed to the control of the situation and prevention of the expansion of the conflict. These are conclusions drawn at the senior officials' meeting and the Council of Ministers of Stockholm. This forum has unanimously supported the activity of the missions and considered them efficient. Taking into consideration these valuations, CSCE has demanded to prolong their mandate and the increase of the number of members. This is a reasonable demand to which the Albanian Government has made its contribution.

"Allow me to express the opinion of the Albanian Government that the presence of the CSCE missions in Kosova, Sandzak, and Vojvodina should not be considered as a favour of Belgrade for the CSCE, but as an aid of the international community for Belgrade to overcome its crisis and stop the unprecedented war."

Meksi Discusses B-H With U.S. Delegation

AU0907090793 Tirana ATA in English 0837 GMT 9 Jul 93

[Text] Tirana, July 9 (ATA)—In the course of their visit to Albania, the U.S. parliamentarians expressed their readiness to help Albania in this difficult period of transition in the meeting they had with Premier Meksi. They confirmed their continuous support in the political field and in safeguarding the borders and the economic development of Albania. "The crisis in the Balkans cannot be solved without the participation of the great powers," Premier Meksi said further on.

Speaking of the crisis in the region, Premier Meksi stressed that "We are for dialogue, consensus and non-change of borders, for peace with our neighbours, but not for an ethnic cleansing of Kosova, not for a division of Albania on religious basis."

In regard to relations with Greece, he stressed that the Greek Government has helped Albania in this difficult period with encouragement of foreign investments and the acceptance of a considerable number of refugees, whose expulsion has created not a good atmosphere in the relations between the two countries. "We hold that relations between Albania and Greece should improve. The Greek minorities living in our territories, within possibilities, will be granted their rights. We do not intend to deny their existence, but at the same time, we shall not allow anyone inflict the interests of Albania," Mr. Meksi said in conclusion.

Berisha Receives U.S. Delegation

AU0907090993 Tirana ATA in English 0833 GMT 9 Jul 93

[Text] Tirana, July 9 (ATA)—On July 8, the President of the Republic Sali Berisha had meetings with two delegations of U.S. parliamentarians from the House of Representatives and the Senate.

In the meeting with Senators Gramm and McCain, President Berisha expressed his thanks to the people, state and organizations in the U.S.A. for the support given to democracy and reform in Albania. After speaking of the economic reform, President Berisha laid the stress on the indispensable acceleration of its rates. Speaking on the situation in the Balkans, President Berisha valued the presence of the U.S. troops in Macedonia, as a clear signal to Milosevic and an important contribution to the safeguarding of the integrity of that republic. Regarding Greece, "We are resolute to continue dialogue and establish good relations with our southern neighbour", he said. "Maintaining of these relations serves not only our two countries, but it is important for the situation in the region. We shall make everything possible to consolidate stability in the Balkans. Certainly, we shall respect the status of the Albanian Autochephalous Church, but this does not prevent cooperation between the two governments", President Berisha said.

The U.S. senators voiced their support and their country's for the Albanian president, democratic government and the reforms it has undertaken.

In the meeting with the Congressmen Frost, Solomon, Bereuter, Skaggs, Bilirakis, Price, Bilbray and Derrick, Mr. Berisha concentrated on the development of the democratic processes in Albania and its relations with the Balkan neighbours. Regarding the developments in the Balkans, he stressed that Milosevic, besides the success he is having in his aggression, unfortunately, has managed to introduce the psychology of war in the whole region. President Berisha valued the stationing of the U.S. contingent in Macedonia as a step which has a direct impact in the stability of the south of the Balkans. The Congressman Bilbray, who has played a role in the dispatch of the contingent, stressed that it would be better if it had 3,000 and not 300 soldiers. Important is its political meaning, to show everyone in the region that we are here to maintain the stability and integrity of your countries.

Concerning recent Albanian-Greek developments, President Berisha stressed that "We have worked a lot to have good relations with Greece. Relations between the state and the church in Albania and in Greece are different, he said. In Albania, religion is separated from the state and we cannot accept Athens to name priests in the Albanian Orthodox Church, which functions in an autochephalous way. We did not oust the Greek priest for his religious activity. We hold that it is not good for religion to deal with politics. I am convinced that through joint will, we shall reestablish good relations with Greece. I am optimistic for the future of these relations. We have had many good days with Greece. The Congressman Bilirakis, of Greek origin, voiced his pleasure and approval for the valuations of President Berisha and the will of Albania to have dialogue and improve relations with Greece."

The U.S. congressmen voiced their confidence in and congratulations for the progress of democracy in Albania. The Congressman Solomon voiced his joy and pride in the name of thousands of Albanians in New York, he represents, for the changes taking place in Albania.

Zhulali Briefs Delegation on Army

AU0907091593 Tirana ATA in English 0841 GMT 9 Jul 93

[Text] Tirana, July 9 (ATA)—The minister of defence, Safet Zhulali, had a separate meeting with the delegation of the U.S. senators, led by Mr. Martin Frost. The Albanian minister told the U.S. congressmen on the work for the reformation and restructuring of the Albanian Army, its consolidation and construction after the most spread Western pattern, especially the American one. After pointing to the contribution of the U.S. team at the Albanian Ministry of Defence, he said that the consolidation of cooperation between the two armies will also be served by signing soon of a memorandum of understanding.

Regarding the situation in the region, Mr. Zhulali said that it is not only tense, but recently actions against Albania by set anti-Albanian and Serbian forces have been intensified. The situation in Kosova is explosive, he said, so he underlined before American senators the need of stationing of peace forces there and a political solution in the interest of peace and stability in the region.

The U.S. congressmen hailed the achievement in the reform in the Albanian Army. Albania sets an example to all for the great democratic changes. "We shall encourage the signing of the memorandum of understanding and will contribute so that Albanian officers attend American schools. We are following the situation in the region, in Kosova particularly. The U.S.A. will not be indifferent in the conditions of an ethnic cleansing in Kosova", they said.

Delegation Meets With Parliament Members

AU0907135893 Tirana ATA in English 0847 GMT 9 Jul 93

[Text] Tirana, July 9 (ATA)—The delegation of the U.S. Congress had a working meeting on July 8 with the chairmen of the permanent commissions of the People's Assembly. They exchanged opinions on the problems that these commissions have to solve, the examining of laws, the difficulties they are faced with, the situation in the region, the crisis in former Yugoslavia, and the aggravation of the relations between Albania and Greece.

The U.S. congressmen voiced their worry over the crisis in the region and asked explanations for the tense situation in the relations between Albania and Greece. They underlined the need of dialogue for the solution of the problems aroused between the two neighbouring countries. They shared the worry of the Albanian deputies for the danger of the extension of the conflict of Bosnia- Herzegovina in Kosova and Macedonia and said that NATO and the United States will not allow anyone to infringe the Albanian border. The United States will attach priority to the revival of the Albanian economy, as a pre-condition for the integration in Europe.

Further on, they discussed on the need of foreign investments in Albania, further perfection of legislation to open way to investments, etc.

The delegation of the U.S. congressmen had a meeting with the chairmen of the parliamentary groups, Ali Spahia, Namik Dokle, and Teodor Laco. The chairman of the delegation of the U.S. Congress, Martin Frost, said that technical assistance by the U.S. Congress is an aid for the parliament and not for the parties. It should serve in the qualification and improvement of its work.

They in the meeting exchanged opinions also on the role the Albanian community in the United States should play through investments in various fields of the economy.

Reports Say 783 Refugees Deported From Kakavije

AU0807205593 Tirana ATA in English 1011 GMT 7 Jul 93

[Text] Tirana, July 7 (ATA)—The number of Albanian refugees from Kakavije border point was 783 on July 6. The police tore into pieces the passport of a citizen from Permet, southern Albania, with regular one-year visa. There were no maltreated refugees.

Berisha Meets Greek Minority Representatives

AU0807103093 Tirana ATA in English 0810 GMT 8 Jul 93

[Text] Tirana, July 8 (ATA)—The president of the republic, Sali Berisha met with a group of representatives of the Greek minority in Albania. Among them were the deputies of the party for the human rights defence, Thoma Mico and Kosta Makariadhi. They expressed to President Berisha their worry over the situation created in the Albanian-Greek relations which is felt mostly by the Albanian emigrants expelled from Greece and the Greek minorities in Albania.

The president of the republic assured them that the Greek minority in Albania will enjoy all the rights pursuant to the document of Copenhagen, the Paris Charter and other documents of the UN and the CSCE. "The state," he said, "will open for them two secondary schools, on the condition that the necessary contingent of pupils be guaranteed, and a branch to train teachers of the Greek minority in the University of Gjirokastrer."

The members of the Greek minority in Albania are free citizens of the Albanian state and enjoy all the rights like all other citizens, without any discrimination, president said. On the other hand, they have all legal obligations that other citizens have towards the state. It is not good to use the incident with a Greek citizen as an apple of discord between the two countries.

President Berisha stressed that the use of the church for political aims is entirely unacceptable. "You," he said, "have the parliament and political tribunes to freely voice your opinions. The Albanian Government adheres to the principle that relations of good neighbourliness between Albania and Greece are important not only for our two peoples, but for the region in general. For this, it will continue the efforts and dialogue to refind the spirit of understanding, despite the present difficulties in the Albanian-Greek relations."

Representatives of the Greek minority stressed that this minority is resolute to contribute to closer relations between Albania and Greece. They do not deny the achievements they have had, but they insist that promises should be kept. On the other hand, they supported the Albanian official stand towards the Albanian orthodox autochephalous church and demanded that the two government should come to terms for the lowering of tension.

The deputy mico said that the report given by the mass media as if he has spoken in the church in Gjirokastra is incorrect.

Officials Brief IMF Mission on Economy

AU0707193593 Sofia BTA in English 1819 GMT 7 Jul 93

[Text] Sofia, July 7 (BTA)—At a working meeting of the government with the mission of the International Monetary Fund, Bulgarian Minister Stoyan Aleksandrov pointed out that the major bills related to the reform had been submitted to parliament pending adoption shortly. Mr. Aleksandrov stressed the slowdown in the shrinkage of production observed of late and pointed out that the annual inflation rate was not expected to exceed 60 or 70 percent. The government officials cited data concerning the expected harvest and the negative impact of the UN embargo on the export of products, the Council of Minister's Press Service informed.

Prof. Todor Vulchev, governor of the Bulgarian National Bank, said that the central bank was ready to reduce the base interest rate. Blaming the previous government for not resolving the bad debts problem, Prof. Vulchev expressed his hope that the incumbent cabinet would assume the risk of taking this necessary step.

The head of the IMF mission, Mr. Russel Kincaid, who arrived in Bulgaria yesterday, observed that the cited data coincided with the assessment made by the IMF. He expressed his concern over the downward tendency in the export of convertible currency, saying that the reasons for it were the embargo and the recession in Western Europe. The consequences of the embargo were not taken into consideration when the talks with the IMF were held in March, Mr. Kincaid underlined. In his opinion, one of the working meetings during the mission's present visit should be devoted to this problem.

Protocol on Debt to Paris Club Ratified

AU0707192993 Sofia BTA in English 1723 GMT 7 Jul 93

[Text] Sofia, July 7 (BTA)—Passing a special bill today, the Bulgarian Parliament ratified the Coordinated Protocol on Bulgaria's Debt Consolidation signed in Paris on December 14, 1992.

On December 14, 1992 representatives of Bulgaria's official creditors (the Paris Club) held a meeting to consider Bulgaria's liabilities under state and state-guaranteed loans and the respective maturity dates after March 31, 1992. The meeting was attended by government officials from Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, the Netherlands, Spain, Sweden, Switzerland and the United Kingdom. It is pointed out in the motivation accompanying the bill submitted by Prof. Lyuben Berov's cabinet that the practical application of the principles and conditions stipulated in the coordinated protocol on Bulgaria's debt consolidation would considerably facilitate the debt service payment over the next six years—a period considered to be critical for the implementation of the Bulgarian economic reform. This will open a possibility to rechannel the funds allocated for servicing debt payments, on which a moratorium was imposed at the end of March 1990, using them for the stimulation of Bulgaria's economic growth in a medium-term perspective. "The signing of the coordinated protocol is an expression of Bulgaria's new policy which seeks an efficient solution to the foreign debt problem so as to ensure the necessary prerequisites for a stable economic growth," Prime Minister Berov wrote, in motivating the decision to submit the bill to parliament for approval.

Part of Land Act Amendments Ruled Unlawful

AU0807134693 Sofia Khorizont Radio Network in Bulgarian 1300 GMT 8 Jul 93

[Text] Today the Constitutional Court ruled that part of the text of the Law on Amendments and Additions to the Land Act, passed by the National Assembly on 20 May 1993, is unconstitutional. Our reporter Angel Shoylev reports.

The offending passage is contained in Paragraph 7, Subsection 2 of Article 10. The Constitutional Court's verdict restores ownership titles to agricultural land contained within the boundaries of populated places and on which no buildings have been erected or started. Conversely, citizens who possess rights to build on such land but have not commenced building work lose these rights.

This was the passage in the law that prompted the National Assembly deputies of the SDS [Union of Democratic Forces] and representatives of the BZNS [Bulgarian National Agrarian Union] to ask the president to veto the Law on Amendments and Additions to the Land Act.

Stanislav Dimitrov, member of the Constitutional Court, comments that the ruling restores land titles to the owners. The verdict will be signed with reservations by Lyuben Kornezov and Aleksandur Arabadzhiev. It is expected to be published in DURZHAVEN VESTNIK by 1 August at the latest, and will come into force three days later.

Constitutional Forum Calls For Early Elections

AU0807202693 Sofia Khorizont Radio Network in Bulgarian 1900 GMT 8 Jul 93

[Text] The Constitutional Forum Civil Movement demands early elections, as it holds the view that parliament, with its current composition, is unable to advance the reforms in the country. Despite this, what is important is that a majority in the present National Assembly should vote for early elections to be held. This was stated by Mikhail Dyankov, a member of the Constitutional Forum leadership. He defended the thesis that neither the present nor future parliaments would serve for their full terms, because no clarification of political positions has occurred in society and the true democratic mechanism is still in the process of being created.

Socialists Agree To Transfer Archives to State

AU0807190493 Sofia BTA in English 1650 GMT 8 Jul 93

[Text] Sofia, July 8 (BTA)—An agreement between the Supreme Council of the Bulgarian Socialist Party (BSP) and the Central Archives Administration (CAA) concerning the safekeeping and use of the BSP archives was signed today by CAA Director Krustyu Gerginov and BSP leader Zhan Videnov. According to the agreement, the documentation of the party since its foundation in 1891 until 1989 is being transferred for safekeeping and use by the state. All experts and citizens will have access to it.

The former central party archives contain thousands of documents in 320 archive holdings and collections. All already processed documents covering the period up to 1975 are to be made available to the CAA by July 15. The local archive holdings from the party organizations in the former districts are to be submitted to the CAA by October 30, and photo materials and microfilms, by September 30. Still unprocessed documents and the current archives will be subjected to techno-scientific processing until the end of 1994 at the latest. Only a very small part of departmental documents pertaining to inner-party affairs will be available for use after clearing with the BSP Supreme Council. According to Mr. Gerginov, this was also the biggest problem in drawing up the contract. It was also suggested that these documents should not be used at all. It will be possible to use the memoirs contained in the party archives only with the consent of their owners or heirs, under their terms. A special clause in the agreement says that the place of safekeeping should remain where it is at present—on the premises of the former headquarters of the Central Committee of the Bulgarian Communist Party. The CAA director expressed the wish of the department headed by him that one wing of the building be set aside for the safekeeping of the state archives.

Data Show Continued Decline in Trade Balance

AU0907132293 Sofia BTA in English 1045 GMT 9 Jul 93

[Text] Sofia, July 9 (BTA)—The National Statistical Institute reports an ongoing decline of Bulgaria's foreign trade, writes today's OTECHESTVEN VESTNIK in an editorial comment. "The 34,900 million leva's worth of goods and services, traded at current prices in the first quarter, is only 89 percent of the comparable figure in the same period last year. The trade deficit persists, although it has dropped to 432 million leva," the paper specifies.

According to the daily, the main reason for the steep fall in the last three years was the overdependence of Bulgaria's foreign trade on the Comecon [CEMA] member countries in the past, which impedes the transition to a market-oriented economy. The reorientation to new markets led to a relative levelling of exports to central and Eastern Europe with supplies to the OECD countries, the NSI figures show. The largest shrinkage of exports was to the Arab world, a traditional market for Bulgarian farm produce. Exports dropped by 1,400 million dollars, or 60 percent. To make up for it, exports have increased to countries like Albania, Hong Kong, Korea, Malaysia and Mexico, until recently Bulgaria's minor trading partners.

Imports also fell in the first quarter, by 11 percent, the paper writes. The share of central and East European goods in total imports is increasing. At the beginning of the year, this group of countries accounted for nearly half of the total. The most active EC importers are Italy and Greece, which supply more than half of the Bulgarian imports from the Community. On the whole, EC imports dropped 12 percent from 1992. The only suppliers which registered al increase were Belgium, Italy and France, OTECHESTVEN VESTNIK writes. Bulgaria's contracted presence in the Arab markets affected imports from that part of the world: 1,000 million leva in January-March 1993, and 2,700 million leva in the like period of last year.

Klaus Intends To Meet Meciar in Budapest

LD0807144893 Prague CTK in English 1430 GMT 8 Jul 93

[Text] Prague, July 8 (CTK)—Czech Premier Vaclav Klaus today confirmed to journalists his intention to meet Slovak Premier Vladimir Meciar during a meeting of premiers of the Central European Initiative countries in Budapest which is scheduled for July 16-17. He said he would find an appropriate moment to meet Meciar in Budapest before July 20. Under an agreement reached at talks of Czech and Slovak presidents and the two countries' foreign ministers in Smolenice, west Slovakia, last Thursday, the Czech and Slovak Governments should agree to begin border talks by this date.

Kocarnik Outlines Mid-Year Budget Performance

AU0707182093 Prague LIDOVE NOVINY in Czech 3 Jul 93 p 1

["(ph)"-signed report: "The State Budget: A Surplus of Kc5.6 Billion"]

[Excerpt] Prague—"The Czech budget had a surplus of 5.6 billion korunas [Kc] on 30 June. Whereas budget revenues amounted to Kc175.2 billion at the end of June, expenditures amounted to Kc169.5 billion," said Finance Minister Ivan Kocarnik yesterday.

He added that 51.2 percent of budgeted revenues were received in the first half of the year, while 49.6 percent of budgeted expenditures were spent. Although the interim mid-year results reveal that the predicted yields from the value-added tax and consumer tax will be achieved, the yields from income tax will not be achieved (the budget's revenue from income tax for the first six months of the year amounts to only 38.2 percent of the amount budgeted).

"The mid-year budget results indicate that overall revenues will be 2 to 4 percent higher. The government has, therefore, approved some additional expenditures, among other things, Kc1.2 billion to subsidize heating costs. This is mainly because heating subsidies are already 90 percent exhausted in the middle of the year." In reply to a question on when heating prices will be increased, the minister said that this has not been discussed yet. [passage omitted]

KSCM Chairman Says 'No Split in Party'

AU0807184893 Prague CESKY DENIK in Czech 7 Jul 93 p 4

[CTK and Stanislav Knenicky report: "Grebenicek: There Is No Split"]

[Text] "I did not adopt an objectionable tone in my speech regarding the incipient Party of the Democratic Left [SDL] and the initiative favoring the formation of a Left Bloc party," said Communist Party of Bohemia and Moravia [KSCM] Chairman Miroslav Grebenicek following Saturday's [3 July] Central Committee session. The KSCM chairman also said that there is no split in the party.

That is, to date, according to Grebenicek, neither of the two entities has yet been constituted. The KSCM's approach to these initiatives is a dialogue "first and foremost, within the Left Bloc." The KSCM chairman also said that the Central Committee has formed a Left Bloc Council to deal with these parties' establishment. Apart from Grebenicek, it includes the chairman of the Left Bloc Deputies' Club and one of the representatives of the initiative in favor of turning the Left Bloc into a party, Jaroslav Ortman. In reply to a question on whether the Central Committee agreed with Ortman's preparatory committee on transforming the KSCM into a Left Bloc party, Grebenicek said that he could not give an unequivocal answer. "However, there is no such agreement," he added. KSCM Central Committee representatives were also unable to say how many KSCM members want to join the SDL.

Three deputy chairmen were also elected at the Central Committee session. They are former Federal Assembly Deputy Miloslav Ransdorf, Parliament Deputy Vaclav Exner, and Zdenek Klanica from Brno.

Bank Says Economy Showing Signs of Recovery

AU0707182193 Prague MLADA FRONTA DNES in Czech 3 Jul 93 p 14

[CTK report: "The National Bank: Signs of a Slight Economic Recovery"]

[Text] Prague—In March, and especially at the beginning of April, the first signs of recovery started to appear in the Czech economy. This statement is made in a report on monetary development through 31 May drafted by experts from the Czech National Bank.

According to the draft, economic development in the first five months of the year went through two phases. In the first phase, which lasted approximately until March, there was a perceptible decline in economic performance, and stagnation or decline in demand from households, enterprises, and the public sector. Compared to the first quarter of 1992, it culminated in a reduction in the gross domestic product by 2.4 percent, in industrial output by 4.6 percent, in construction output by 9.5 percent, in agricultural output by 5.1 percent, and in capital investment by 3.6 percent.

In the second phase—according to some signs, as early as March and definitely at the beginning of April—a slight, but constant, increase began to manifest itself in overall demand and a recovery got underway in certain branches of the economy. The strongest increase was recorded in construction where output in April exceeded last year's level for the first time (by 5.1 percent), so that the overall economic decline slowed down at the end of April.

Economic development at the beginning of the year was affected not only by the breakup of the federation and currency separation, but also by the economic recession in advanced industrial countries and limited demand from households in reaction to increased consumer prices.

Another considerable factor was the delayed completion of the first wave of coupon privatization, originally envisaged for October 1992. Thus, the situation of "paralysis" was prolonged in the enterprises, which were unable to dispose of their property and rid themselves, for example, of inefficient processes or unnecessary supplies.

The balance of payments current account in freely convertible currencies recorded a surplus of $316.9 million at the end of April. Up to the end of May, the Czech Republic had a deficit balance in payment relations with Slovakia amounting to 0.6 billion korunas; however, as of 4 June, it turned from a debtor into a creditor. Overall foreign currency reserves at the end of May amounted to $4.7 billion. Revenue from the balance of payments, direct foreign investments, and accepted loans—the largest of which was acquired by issuing Eurodollar bonds on the world's capital markets ($375 million)—are the source of these foreign currency reserves.

Report on Agricultural Price Changes

AU0807202593 Prague HOSPODARSKE NOVINY in Czech 7 Jul 93 p 8

[Report prepared by the Czech Statistical Office Department of Agriculture and Forestry: "Farmers' Prices in May 1993"]

[Text] The development of prices for agricultural products has continued along the same lines as in previous months, as far as vegetable products are concerned. However, the prices for grain—stocks from the 1992 harvest—have continued to rise slightly. The Czech Statistical Office will base its first estimate for this year's overall grain harvest on the 20 June 1993 figures and the level of this output will certainly be projected in the future development of grain prices.

As far as main animal products are concerned, prices for slaughter animals, milk, and eggs continued to decline.

In comparison with May 1992, prices for agricultural products increased overall by 2.5 percent; prices for vegetable products increased by 15.4 percent and for animal products by 1.2 percent.

Average Prices for Select Agricultural Products

1992					
Product	Unit	March	April	May	Annual Average
Wheat	(metric) tons	2,613	2,634	—	2,675
Malt barley	tons	2,679	2,619	2,636	2,648
Late potatoes	tons	3,766	3,834	3,772	3,226
Apples	tons	9,206	9,068	10,588	8,063
Live weight slaughter bulls class A	tons	26,699	25,746	24,740	26,359
Live weight slaughter heifers class A	tons	25,660	24,607	24,010	24,242
Live weight slaughter cows class A	tons	17,175	16,116	15,699	16,554
Live weight slaughter pigs	tons	28,522	26,695	24,738	26,640
Cow's milk	1,000 liters	5,790	5,750	5,644	5,667

1993				
Product	Unit	March	April	May
Wheat	tons	3,316	3,396	—
Malt barley	tons	3,281	3,318	3,486
Late potatoes	tons	3,171	3,318	2,836
Apples	tons	9,942	9,860	9,121
Live weight slaughter bulls class A	tons	27,739	26,862	25,225
Live weight slaughter heifers class A	tons	24,899	22,923	22,044
Live weight slaughter cows class A	tons	18,235	17,473	16,837
Live weight slaughter pigs	tons	25,417	23,761	21,648
Cow's milk	1,000 liters	6,154	6,133	6,082

Proposed Changes to Czech-Slovak Border

LD0807155293 Prague CTK in English 1306 GMT 8 Jul 93

[Text] Prague, July 8 (CTK)—The Czech-Slovak border will be altered in about 15 cases, Milos Srb, head of the Czech part of the Border Commission, told CTK today.

The commission's current meeting dealing with unresolved sections of the border continued today and should end on July 9.

Srb said that field experts assessed the border's present form against a survey carried out in 1944, and the Border Commission is now evaluating the findings.

He rejected the wording disputed border spots, saying that no such spots exist and that optimum solutions are being sought. Of course, somebody gets hurt, especially local mayors, Srb added.

Opinions differ on surveying methods used, but primarily a specialist approach is being discussed, he said.

The Border Commission will not publish its findings but will instead submit them to the government for comments, with the final say reserved for the parliament. Srb noted that the experts have a long way to go and that no overall approach can be formulated yet. We may find a more appropriate way of tackling things at the next meeting and our stand may shift as a result, he said.

Border alteration projects have been worked out for the Kasarne recreational zone in the Makov, southwest Slovakia, district (affecting summer houses mostly owned by Czechs), and in the area of the Vrbovce, southwest Slovakia, railway station. Other proposed changes affect the Sidonia settlement and the border River Morava.

Statistics Show Population Changes

AU0807112893 Prague LIDOVE NOVINY in Czech 3 Jul 93 p 2

["(ria)"-signed report: "The Birth Rate Is Declining"]

[Text] Prague—The ratio of live births declined to 11.8 per 100,000 of the population last year. In 1991 the number was 12.6. According to an analysis of the data provided by the Office for Health Care Information and Statistics, the rate of stillbirths declined (to 0.62 percent), and therefore the reproduction of Czech Republic's citizens clearly declined. On the other hand, the death rate is declining, too. Experts think of the increasing non-productive portion of the population as a real and serious social problem. The number of abortions also declined from 39.6 per 1,000 women of fertile age in 1991 to 35.7 last year. While the number of people suffering from psychoses, sexual deviations, and alcohol abuse rose, the number of registered drug users declined. According to experts, however, this is deceptive, since drug users simply stopped going to hospitals.

Russian Withdrawal From Germany Viewed

AU0807124693 Prague TELEGRAF in Czech 1 Jul 93 p 1

[Jiri Polak report: "The First Transport of Military Material in Decin"]

[Text] Shortly after 1600 GMT yesterday the first transport train with its armed escort belonging to the the Russian Army's Western Group crossed the Czech-German border.

Seven Russian guards will secure the transportation of military hardware from the former German Democratic Republic [GDR]. According to an international treaty, the number of guards can be up to 24 on each train. Jan Zenkl, commissioner of the Czech Republic Government for the transit of Russian Federation troops and Czech Railways first deputy general director, stressed the commercial side of the shipment in an interview for TELEGRAF in Decin yesterday. The transit of the men and equipment from the former GDR through our territory is a very lucrative business for the Czech Railways. From the political viewpoint, such transportation stimulates disarmament in Central Europe and reduces the possibility of tension in the region.

The Czech side, or the Railway Police, as the case may be, is providing only a "polite escort" to the transportation of troops and equipment. The shipments may have their own schedule, but according to the interested parties, there is an interest in the quickest possible movement through the Czech Republic. That is, it will cause no problems if the shipments are given priority [over other trains]. The daily capacity of our railroads can accommodate four guarded transports of military equipment. According to Zenkel, there should be as many as possible unguarded shipments—of construction materials, canteens, and automobiles. A large number of these have passed through the Czech Republic. Czech Railways will guarantee transit until the last soldier of the West Group of Armies is withdrawn from the former GDR.

Polish Minister, Moravcik Sign Refugee Agreement

LD0807185793 Prague CTK in English 1649 GMT 8 Jul 93

[Text] Bratislava, July 8 (CTK)—Slovak Foreign Minister Jozef Moravcik and his Polish counterpart Krzysztof Skubiszewski today signed a readmission agreement on returning refugees.

The agreement was necessitated by Germany's new asylum law, Moravcik said, and would make it possible for refugees returned from Germany to Poland to be transferred back to Slovakia, if they originally came to Poland from there.

Asked if refugees would not begin to accumulate on Slovak territory, Moravcik said that a readmission agreement would be signed with Ukraine in the near future. He said he believed that a similar agreement would be reached between Slovakia and Hungary as well.

Skubiszewski said that Moravcik and he had discussed making the Slovak-Polish border more passable. Poland would propose to Slovakia that an amendment be made to the two countries' bilateral agreement from 1959 on the regional border relations, Skubiszewski said. He noted that negotiations on Slovak-Polish border crossings between the two countries' experts were currently being prepared, and said he thought the border was well-guarded on both sides.

The two ministers expressed their satisfaction with Slovak-Polish bilateral relations and agreed to continue the elastic and pragmatic way of cooperation within the Visegrad Group (the Czech Republic, Hungary, Poland and Slovakia).

Moravcik said that talks between the Slovak and Polish premiers and presidents should take place in the near future.

Kovac Confers With Skubiszewski

LD0807202993 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1930 GMT 8 Jul 93

[Text] At the conclusion of his one-day official visit to our country, Polish Foreign Minister Krzysztof Skubiszewski met President Michal Kovac. During the talks, the two officials highlighted the historic and present relations between the two countries, but agreed that they could be closer. They welcome the cooperation between border regions. The Polish minister remarked that few border crossings are operating on the Slovak-Polish border at present, and that they are in a bad technical state. They also discussed the issue of the Carpathian Euroregion.

In the evening Krzysztof Skubiszewski left for home.

Blockade at Border With Ukraine Lifted

LD0807132993 Prague Stanice Praha Radio Network in Czech 1030 GMT 8 Jul 93

[Text] Slovak Minister of Transport and Communications Hofbauer officially announced that the blockade of the border crossing at Vysne Nemecke between Ukraine and Slovakia has been lifted. From about 0800 scores of passenger cars and trucks started to cross the border.

The Slovak and Ukrainian negotiators, for the time being, reached an agreement that everything returns to the legal situation prior to 1 January 1993. This means that the Ukrainians will not require dollar rates for passenger cars and trucks and will recognize the international insurance green cards. For the time being, the Slovak side will also allow on to its territory uninsured Ukrainian vehicles. Minister Hofbauer, nevertheless, said that this situation will be valid at the latest until 12 July when new rules will have to be agreed.

A number of drivers at Vysne Nemecke are at the moment worried about continuing on to Ukrainian territory. The local Mafia have been recording the plates of their cars and taking photographs, allegedly, so that later on they can threaten striking truck drivers.

Parliament Approves Bill on Police Force

AU0807095593 Prague CTK in English 1827 GMT 6 Jul 93

[Text] Bratislava July 6 (CTK)—Deputies of the National Council of the Slovak Republic (parliament) today approved a government bill on the Slovak Police Force.

The new law, besides specifying principal rules of conduct and rights of police officers, also provides groundwork for deciding cases mentioned in the Slovak Constitution and the Charter of Human Rights.

The new law transforms the relevant passages in the former Federal Police Act to suit the independent Slovakia. Deputies, however, did not pass one part which envisaged use of Slovak Army units for riot control. They also rejected the proposal to extend the 24-hour detention period allowed the police for checking a person's or persons' identity unless the person or persons concerned are transferred to court custody.

The Slovak Parliament also passed a bill on personal identification documents, according to which the booklets currently in use would be replaced by cards.

The session was adjourned until July 7.

Budgetary Steps Following IMF Visit

AU0707151693 Bratislava REPUBLIKA in Slovak 1 Jul 93 p 4

[S. Tomanek report: "The Slovak Republic Government After the IMF Visit"]

[Text] The Government of the Slovak Republic reacted to the IMF commission conclusions with regard to this year's state budget. Spending from the budget will be cut by 2 billion korunas [Sk]. The budget's income should be increased by Sk3.4 billion owing to the introduction of the law on value-added tax, consumer tax, and property tax.

The IMF commission that visited between 25 May and 10 June dealt with the feasibility of the Slovak Republic's budget for this year, and recommended to the Slovak Republic Government to take some steps to increase income and cut spending. The conclusion of the commission is that it is likely the deficit will be Sk6.4 billion higher than the possible deficit under such a revised organization. The expected difference will be compensated by adequate measures taken by our government.

Changes in the amount of the value-added and consumer taxes will increase the budget's income by some Sk3.2 billion. This adjustment will not require intervention in the mechanism of tax collecting or its principles. In the case of the value-added tax, an increase of 1 or 2 percent is anticipated. The amendment to the law on property tax will increase the income of communities by 5 percent.

Measures in the sphere of spending can be divided between those taken by the government and those that must be approved by the National Council of the Slovak Republic by amending laws, in the social sphere in particular. The Finance Ministry presented to the government a proposal to cut budget spending, which is within the jurisdiction of the government.

Investment spending and subsidies will be therefore fixed at Sk850 million, of which Sk150 million will be for budget-run organizations. It has been proposed that noninvestment subsidies and spending be fixed at Sk1.1 billion. In home ownership saving plans, the amount of Sk120 million have been proposed.

In the agrarian sector, they must manage without Sk700 million, while the largest subsidies are aimed at eliminating agriculture in the worst conditions. Because of the general character of subsidies, the expected effects have not been achieved here, and this is why the savings will only be made here.

The Slovak Coal Mines in Prievidza will have to manage without subsidies of Sk200 million. They will compensate for it by abolishing the maximum price for coal and adjusting prices for imported solid fuel. These measures will positively influence the economy of brown coal mining in Slovakia and increase its capability to compete. The aluminum producers in Ziar nad Hronom, too, will receive Sk80 million less to buy electricity.

Csurka Interviewed on Hungarian Way Meeting

AU0707181993 Budapest MAGYAR HIRLAP in Hungarian 5 Jul 93 p 5

["Sz.P."-signed interview with Istvan Csurka, newly elected chairman of the Hungarian Way Circles; place and date not given: "The Events Are Partially the Consequences of Expulsions"]

[Text] [Csurka] I am glad that we organized our first national meeting with a display of great power; a nice, clean unity emerged here.

[MAGYAR HIRLAP] Do you think that your economic program is in line with left-wing ideas?

[Csurka] I do not think that is essential. Besides, it is possible that there are similarities between our program and that of the social democrats. However, this is not the question; the question is what means can lead the economy out of its current pressed situation. The issue is whether our ideas are valid and can help this country.

[MAGYAR HIRLAP] You called the National Democratic Federation [NDSZ] an honest left-wing movement. What relations could you develop with them?

[Csurka] For the time being, there are no relations whatsoever between us. The Hungarian Way is a movement that must be open. Obviously, the Hungarian Justice Party would not be able to say the same, because the dividing line between parties is stronger than the dividing line between a party and a movement.

[MAGYAR HIRLAP] However, you failed to call the Hungarian Socialist Party [MSZP] an "honest left-wing party." Do you see any honest politician or group in that party?

[Csurka] Thank God, I do see such persons, and this gives cause for great hope. I will not mention names, naturally, in their own interest.

[MAGYAR HIRLAP] What role do you envisage for the Hungarian Democratic Forum [MDF] in your political relations?

[Csurka] I was expelled from the MDF. The events that took place this weekend are partly the consequences of the expulsions. The MDF leaders expelled some members on the basis of a propriety that I do not understand; perhaps on the basis of a Western idea, or in order to create a foreign and unfounded Christian democracy. They are probably trying to win the sympathy of certain circles by giving in to certain pressures and getting rid of us. I wish them a lot of luck in this, but this alliance will not emerge. The circles that offered cooperation under the condition of our expulsion have not yet brought anything positive to the Hungarians.

[MAGYAR HIRLAP] Earlier, prior to your expulsion from the MDF, you repeatedly said that this step would lead to the disbandment of the MDF, and most MDF members would follow you. However, the MDF central office showed that the number of MDF members who left the party did not even reach 1 percent. Have your enthusiastic followers abandoned you?

[Csurka] I have nothing to add to this figure. If at least 1 percent of the members were not there in the meeting on Saturday only [3 July], then I really do not know what to say. A lot of old MDF followers were there at the national meeting of the Hungarian Way. Besides, at the emergence of this conflict, my main opponents, Istvan Elek and his followers said that 80 percent of the members are with me. It is true, however, that the MDF members have, in the meantime, been "worked upon" quite strongly, but it is impossible that they succeeded in reducing the figure from 80 percent to 1 percent.

Forint To Be Devalued by 3 Percent 9 July

LD0807161393 Budapest MTI in English 1539 GMT 8 Jul 93

[Text] Budapest, July 8 (MTI)—The National Bank of Hungary (NBH) has decided to devalue the forint by 3 per cent effective from Friday, July 9, it was announced this afternoon at an NBH press conference.

This is the fourth devaluation of the forint this year, following a 1.9 per cent devaluation on February 11 by the Central Bank, a 2.9 per cent devaluation on March 26 decided by the Hungarian Government in agreement with the Central Bank, and a 1.9 per cent devaluation on June 7 again by the Central Bank.

The NBH has the right to revalue or devalue the forint by up to 5 per cent without consulting the government. In 1992 there were devaluations in March, June and November of 1.9 per cent, 1.6 per cent and 1.9 per cent respectively.

Lowering of Duties by G-7 Praised

LD0807140893 Warsaw PAP in English 1312 GMT 8 Jul 93

[Text] Warsaw, July 8—An initial decision of the seven leading industrial countries to abolish or lower customs payments in 18 categories of industrial products including textiles and steel is very beneficial and important for Poland, Finance Minister Jerzy Osiatynski said on Thursday [8 July]. "It is hard to imagine that Poland would not have been covered by these solutions," Osiatynski added.

The minister stressed however that except customs tariffs there are many other instruments to protect domestic markets. Many European countries, a target for Polish export of agricultural produce, use the nontariff protection instruments and no agreement has been reached yet on this most difficult problem during the meeting of G-7 countries in Tokyo.

The Uruguay Round of negotiations on the General Agreement on Tariffs and Trade (GATT) has been held for the seven years now without much success. Poland is mainly concerned with the export of its farm produce, steel and textiles, considered sensitive products, so both the U.S. and European Communities defend home markets against their influx from other countries. Recently, the U.S. has introduced antidumping customs on steel from 20 countries including Poland.

Cimoszewicz Appointed to Council of Europe Post

LD0807155893 Warsaw PAP in English 1500 GMT 8 Jul 93

[Text] Warsaw, July 8—The Christian-Democratic group of the Council of Europe's parliamentary assembly will soon return to the controversial issue of naming Wlodzimierz Cimoszewicz the rapporteur of the assembly's Legal and Human Rights Commission on Systemic and Political Changes in Central and Eastern Europe, Slawomir Siwek, a member of the Polish delegation to the parliamentary assembly said Thursday [8 July].

Siwek was one of the six out of the 12 members of the Polish delegation to the assembly who protested against the appointment of Cimoszewicz, the leader of the postcommunist Democratic Left Alliance (SLD) caucus in the Polish Sejm (lower house) of the latest terms, on the grounds that this candidature was unacceptable from the moral point of view.

In a letter made public on Wednesday chairman of the legal commission, Lord Kirkhill wrote that the commission saw no reasons to change its decision on Cimoszewicz. Siwek said that although the protest was dismissed, he did not consider the issue "a lost cause". The protest "has made Western delegates realise that there are many unsolved problems in Eastern and Central European states and that they should learn more about parliamentarians from those countries."

Commenting on Lord Kirkhill's letter Cimoszewicz said on Wednesday that the leadership of the socialist group of the parliamentary assembly assured him of their "unreserved support" for his nomination. The Christian Democratic group of the parliamentary assembly will hold its nearest meeting in September.

PAP Presents 'Short Guide' to Elections

AU0907101793 Warsaw PAP in English 1742 GMT 8 Jul 93

["A Short Guide to the Elections"—PAP headline]

[Text] Warsaw, July 8—Over 30 million adult Poles are to vote on September 19 in the third parliamentary elections since 1989. At stake are 460 seats in the Sejm (lower house) and 100 seats in the Senate.

The elections, over two years ahead of schedule, were called by President Lech Walesa after the coalition government of Prime Minister Hanna Suchocka lost a no-confidence motion in the Sejm on May 28. The elections to the Sejm will be contested on the basis of a new electoral ordinance signed by the president on June 1, which limits representation in the new Sejm to those parties achieving 5 percent of the national popular vote, and to coalitions achieving 8 percent.

This controversial ordinance, supported mainly by the largest parties in the outgoing Sejm, was justified as a means of avoiding the excessive fragmentation which characterised the previous parliament, where almost 30 parties and political groups were represented. Many smaller parties have criticised this inherent discrimination, which favours existing larger groups by ensuring them of representation in excess of their share of the popular vote.

A further controversial measure is the requirement under the ordinance for all candidates to issue a signed declaration stating any past involvement with the security and intelligence services of the former communist regime. Originally included only in the electoral ordinance governing elections to the Sejm, the Constitutional Tribunal later ruled that the requirement should also be imposed on candidates to the Senate.

Each Polish province will form a single, multimember constituency electing from 3-17 Sejm deputies proportional to the population. The two exceptions are Warsaw, divided into two constituencies electing a total of 25 deputies, and Katowice, divided into three constituencies electing 41. Of the single-constituency provinces, Gdansk with 15 deputies and Poznan with 14 have the largest representation—Biala Podlaska and Chelm provinces (eastern Poland), each with 3, the smallest.

The Senate will be elected on a first-past-the-post basis, with each province to be represented by two members, except for Warsaw and Katowice provinces, which each have three senators.

The elections are supervised by the State Electoral Commission ("Panstwowa Komisja Wyborcza"), supported by subordinate commissions at constituency and district levels. The State Electoral Commission, chaired by Professor Andrzej Zoll, is composed of three judges each from the Constitutional Tribunal, the Polish Supreme Court, and the Supreme Administrative Court.

The commission has the power to rule on all points of dispute which may arise during the campaign, although in certain instances it will prefer to seek a binding ruling from the Constitutional Tribunal.

The Constituency Commissions ("Okregowe Komisje Wyborcze") are composed of 11-15 members drawn from among the judges from the appeal, provincial and district courts within the constituency boundary.

The candidacies for the various political parties and coalitions have not yet been finalised, and definitive constituency lists of candidates must be presented to the electoral commissions by August 10 for the Sejm, and July 26 for the Senate. An electoral list in a given constituency must be backed by the signatures of at least 3,000 permanent residents, although political parties which had more than 15 Sejm deputies on the date parliament was dissolved are exempt from this requirement.

Non-Party Bloc Formulates Election Program

LD0807222893 Warsaw PAP in English 2053 GMT 8 Jul 93

[Text] Warsaw, July 8—The programme council of the Non-Party Bloc in Support of Reforms (BBWR) on Thursday [8 July] formulated the election programme of the bloc which includes 21 points. "We are aiming at welfare and democracy", presidential aide and one of the council members Andrzej Olechowski said commenting on the programme.

According to Olechowski, the most important issue is the economy and its vigorous and permanent reform. In a preamble to the programme, it was stressed that "the economy must be governed by market rules, free, open and competitive, and also based on genuineness and respect for law".

The BBWR recognized as most important those programmatic points which relate to the state administration reform, including the introduction of a presidential-parliamentary system of government, the adjustment of the administration to market economy and giving more powers to local governments.

As regards the economy, the bloc intends to support the privatization process and the export of Polish products, give assistance to entrepreneurs from public funds, strive for currency stability, stimulate investments and place accent on the financial sector reform.

Other points include unemployment control, the reform of the social insurance system, improvement of science and education, and environmental protection.

The controversial "300 Million Programme", which was first proposed in 1990 by Lech Walesa and revived this year, was also included in the BBWR platform. Under the proposed programme, all adult Poles would be offered coupons worth 300 million zlotys each (around 17 thousand USD) "to buy through public tender a piece of national property that is being privatized". The coupons would be repayable at low interest over 20 years.

It is expected that issues related to the BBWR programme will make one of the topics of the presidential state of the nation message, expected on July 13.

Poll Views Popularity of Walesa's BBWR

LD0807143993 Warsaw Radio Warszawa Network in Polish 1400 GMT 8 Jul 93

[Text] One in three of those polled by the Public Opinion Research Center think that the idea of the Non-Party Bloc in Support of Reforms [BBWR] is rather a good one. Three percent think it is a very good idea, 21 percent think it is rather a bad idea, and six percent think it is a very bad idea. One in three of those polled did not have any views on this subject.

The poll was carried out in the last week of June. Almost half of those polled expressed the view that by forming the BBWR the president was directed by his willingness to strengthen his own power.

Attempt To Form Coalition of Government Parties Fails

WS0807090193 Warsaw RZECZPOSPOLITA in Polish 7 Jul 93 p 2

[Report attributed to M.D.Z. and E.Cz.: "ZChN Runs on Its Own"]

[Text] The government rightist coalition will not be created. The National Christian Union [ZChN] and the Polish Convention [KP] will start in the election separately, while the Peasant Accord [PL] is looking for a new ally.

The negotiations among leaders of the groupings calling themselves the "government rightist parties" that lasted for several days were disrupted. At the meeting with his would-be partners on 6 July, the ZChN leader, Wieslaw Chrzanowski, announced that the Political Committee of his party decided to participate in the election on its own. Marshal Chrzanowski reportedly blamed the peasants' groupings—PL and SLCh [Peasant Christian Party]—for the failed negotiations. His party, however, concedes placing on its electoral ticket individuals from other parties with profiles similar to that of the ZChN. On the other hand, the PL leaders believe that the real cause of the failed talks was, rather, their attitude toward the Conservative Party.

The ZChN, if it runs on its own, will make its way to the Sejm with even 5 percent of the votes, while in a coalition it would have to garner 8 percent. The talks were stopped because of the inflexible attitude of the ZChN, said former KP deputy, Kazimierz Michal Ujazdowski, to RZECZPOSPOLITA. I am disappointed that they favor their own interests over the interests of the country, stated Ujazdowski. He also said that the groupings from the former legislative club the Polish Convention (the Conservative Party led by [Aleksander Hall]; Christian Democratic Party led by [Pawel] Laczkowski; and Peasant Christian Party led by [Josef] Slisz) decided to form an electoral committee together with the Polish Entrepreneurial Federation.

As for the PL, it is working out its strategy. We are prepared to participate in the election all by ourselves, but hope that the ZChN will reconsider its position and we all will go back to the christian-peasants coalition, stated PL Vice Chairman Andrzej Luszczewski. According to our information, both the antipresidential Movement for the Republic [RdR] and the presidential BBWR [Non-Party Bloc in Support of Reforms] are considered as the next partners. However, Luszczewski thinks that the PL will not join any non-party structures.

Goryszewski: Fighting Unemployment Top Priority

AU0907101293 Warsaw PAP in English 1826 GMT 8 Jul 93

[Text] Bielsko-Biala, July 8—Combating unemployment is the most important task of the present and future government, Deputy Prime Minister Henryk Goryszewski told a meeting of representatives of the largest enterprises and entrepreneurs of the southern Bielsko-Biala region today.

"The government must work out a constructive economic policy, one encouraging investment and creation of new jobs," Goryszewski declared.

The investment programme of the government "guaranteeing the creation of new jobs" envisages the construction of motorways by Polish firms and workers. A Berlin-Wroclaw-Krakow-Lvov motorway will be built in the first place. Next comes the construction of the northern gas pipeline. The government is seeking foreign credit or private businessmen wishing to finance these two investments in exchange for future participation in their management, Goryszewski said.

Referring to difficulties encountered by Polish exports, Goryszewski said they result from high production costs, and encouraged producers to use modern, inexpensive and efficient technologies. Much attention should also be paid to rescheduling debts of enterprises. He pointed to the ex-Soviet republics as an attractive market for Polish goods.

During his stay in the Bielsko-Biala province, Goryszewski visited the Fiat auto plant and "PZL-Bielsko" glider manufacturing and testing enterprise. He promised to support the striving of the latter for debt rescheduling.

VAT Raises Fares, Phone Bills

AU0907100893 Warsaw PAP in English 1749 GMT 8 Jul 93

[Text] Warsaw, July 8—Following the introduction of value added tax [VAT] as of July 5, the "Telekomunikacja Polska SA" telecommunications company has increased telephone rates by 7 percent per unit, it was announced today.

Also, ticket prices for flights on domestic lines operated by the Polish Airlines LOT increased by 7 percent, the VAT rate. The prices on lot international flights have not changed.

Telecommunications company spokesman Jan Rogala said that "regulations of telephone rates" will take place within the nearest three months, with diversified fees to be introduced for calls made during different time of the day, and lower rates for weekend calls.

Meanwhile, a tax was introduced on occasional transit transport of passengers by coaches registered abroad. Due to lack of early information, the Polish Foreign Ministry is receiving complaints from persons who unexpectedly had to pay an extra 70,000 zlotys (some 4 dollars) per capita when crossing the Polish border. For example, transit tax was demanded from Belarus children from the Chernobyl area going for treatment to Germany via Poland. Deputy head of the Ministry's consular department said the Foreign Ministry will try to persuade the Finance Ministry to make exemptions from the tax in certain cases.

Navy Shipyard Workers Stage Warning Strike

AU0907102193 Warsaw PAP in English 1604 GMT 8 Jul 93

[Text] Gdansk, July 8—The shop-level Solidarity Commission at the Navy shipyard in Gdynia staged an hour-long warning strike today, the commission's chairman Miroslaw Kamienski said.

The 2,600 workforce demanded the implementation of their wage demands. The shipyard has found itself in a difficult financial situation after it lost its traditional markets following the dissolution of the Warsaw treaty and the decline of the number of orders coming from the Polish Defence Ministry.

Meanwhile, workers at the porcelain factory "Porcelana Walbrzych S.A." continued their sit-in strike which started on June 28. The chairman of the Union of Employers in Walbrzych province, Slawomir Hunek said that due to the strike the company is losing some 400 million zlotys ($23,000) daily.

Hunek added the continuation of the strike moves further away the possibility of meeting, on the part of the company, of workers' demands, including wage increases.

Georgian Minister Visits To Boost Cooperation

AU0907100693 Warsaw PAP in English 1822 GMT 8 Jul 93

[Text] Warsaw, July 8—Georgian Minister of Economics Mikhail Dzhibuti said today that his country would take advantage of Polish experiences in reforming its economy but avoiding the mistakes made by Poland.

Dzhibuti, winding up his three-day visit here, added that he hopes Polish capital would invest in Georgia. He said he discussed these issues during meetings with a number of Polish ministers and representatives of the Kredyt Bank SA.

The Georgian guest said he discussed with Polish Government officials the possibilities of the development of Polish-Georgian cooperation and trade.

Georgia is offering primarily food products, including citrus fruit, wines, cognac, tea and textiles, but Dzhibuti added that his country is also interested in cooperation in such fields as the chemical and metallurgical industries and tourism. "Almost every product made in Poland could find buyers in Georgia," said the minister.

Dzhibuti Meets With CUP

LD0607143893 Warsaw PAP in English 1222 GMT 6 Jul 93

[Text] Warsaw, July 6—Georgian Minister of Economics Mikhail Dzhibuti, who is on an official visit to Poland at the invitation of the head of the Central Office of Planning (CUP), held talks on Tuesday [6 July] at the CUP about Poland's economic situation and economic forecasts for 1994, CUP spokesman Andrzej Charlemagne announced.

During his visit the minister aims to discuss antimonopoly and industrial policies, organisation of enterprises' work in a free market economy and privatisation and transformations in agriculture, the spokesman reported.

Ties Expanded With German Ministry

LD0607173193 Warsaw PAP in English 1610 GMT 6 Jul 93

[Text] Bonn, July 6—Polish Minister of Communications Krzysztof Kilian and German Minister of Posts and Telecommunications Wolfgang Boetsch decided to consolidate cooperation between the posts of the two countries during a meeting in Berlin on Monday [5 July].

Both ministers agreed that there is a need for better coordination of radio frequencies in the Polish-German border regions. The two discussed also Polish plans to issue licenses for the construction and the operation of two wireless telephone networks.

Poland and Germany will issue jointly a stamp marking the 750th anniversary of the death of St. Jadwiga, the patron of Poles and Germans from Silesia.

Ministers Boetsch and Kilian, attending conference on "Telecommunications in Central and Eastern Europe," envisaged the continuation of talks between the two ministries.

NATO Air Force Delegation Begins Visit

LD0607143993 Warsaw PAP in English 1230 GMT 6 Jul 93

[Text] Warsaw, July 6—A delegation of the NATO integrated air force arrived in Poland on Tuesday [6 July] for a five-day visit at the invitation of Commander of the Polish Air Force General Jerzy Gotowala.

The delegation is headed by General Robert C. Oaks, chief of the allied air forces in Central Europe and the U.S. Air Force commander in chief.

The aim of the visit is "to develop relations between the Polish and NATO member-countries air forces, to exchange experiences and opinions on tactical and fighting preparation of the flying staff for actions and on functioning of the air defence system."

The delegation is scheduled to meet with the commanders of the Polish Air Force, to visit the Air Military Academy in Deblin (Lublin province) and to watch training of pilots.

Split Between PAC Leadership, Parliament Group

AU0707122093 Bucharest ROMANIA LIBERA in Romanian 1 Jul 93 p 3

[Liana Ionescu article: "The PAC Leadership Dissociates Itself From Its Deputies—For the First Time in Parliamentary History"]

[Text] At a meeting that was held on 29 June at the Chamber of Deputies, the parliamentary group of the Civic Alliance Party [PAC] announced its merger with the liberal group and the formation of the civic-liberal parliamentary group. Mr. Dinu Patriciu of the Liberal Party-1993 was elected as leader, while Calin Anastasiu of the PAC was elected deputy leader. In the evening, the PAC Steering Collegium met for an amiable discussion with the party's deputies. The agenda included the question of a civilized "divorce" between the two sides, both of which are going to stay within the Democratic Convention and, thus, be on the same side of the barricade. The meeting, however, did not fulfill its aim. The speakers were uptight, particularly after they heard about the decision within the Chamber of Deputies. Finally, the Steering Collegium decided with a majority of votes not to recognize the decision announced by the PAC deputies regarding their merger with the liberal-parliamentary group, something that happened for the first time in world parliamentary history. As a matter of fact, the regulations on the operation of the Chamber of Deputies does not include any provision regarding the situation in which the leadership of a party opposes its own parliamentary group and dissociates itself from the latter's actions.

The split within the PAC has become a reality; those who desire unity continue their activity. A protocol between the civic-liberal group within the PAC and the Liberal Party-1993 is being negotiated at this point; it is to be endorsed in separate meetings of the two sides. On 3 July, the meeting on the merger is going to take place, which is viewed as an important step in uniting the liberal movement in Romania.

Liberal Leader on Political Situation

AU0707150693 Bucharest CURIERUL NATIONAL in Romanian 1 Jul 93 pp 1, 3

[Interview with Nicolae Cerveni, president of the Christian Democratic National Liberal Party, by Aura Dobre; place and date not given: "Can There Be Leftist Thinking After the Collapse of Communism?"]

[Text] [Dobre] Some party leaders and even political commentators believe that a government reshuffle is imminent. What is your opinion in this respect?

[Dobre] I personally do not believe in a government reshuffle in the sense of press speculation, namely a government including the participation of the opposition. A government reshuffle is possible within the Democratic National Salvation Front [FDSN] and its supporters, but I do not think that a government of national participation [de participare nationala] is possible. This conviction of mine is linked to President Ion Iliescu's political mentality. Currently, nothing is moving in this country without the president being briefed; moreover, I think that everything undertaken is done only after a decision has been made by Cotroceni [seat of the Presidency]. Some people may say that I am exaggerating. I am in the situation of Cato the Elder who used to say "Yet Carthage must be destroyed." I think that everything that has gone wrong has been generated by President Iliescu's decision. He does not even think of governmental change, because this would mess up his plans. In this country, Mr. Iliescu pursues the restructuring of former communist relations to enable him to govern within a political leadership and this is nothing other than a slightly embellished communist structure.

[Dobre] Under these circumstances, could you characterize the political forces within parliament?

[Cerveni] With or without knowledge, parliament is dominated by a communist mentality. When looking at them individually, the FDSN incorporates very pleasant, capable, and valuable people. Unfortunately, they cannot express their individuality, nor use their capabilities, because taken as a whole the FDSN is a catastrophe, a "monolithic force." It is difficult to dislodge this monolith. Under such conditions, the opposition can hardly touch those in power.

[Dobre] At the political level, the current year may be viewed as the "year of alliances." What do you think of this tendency: the grouping of rightist and leftist forces?

[Cerveni] First I will talk about the understanding between the Democratic Convention of Romania [CDR] and the Democratic Party(-National Salvation Front) [PD-FSN]. As far as I am concerned, I do not favor any understandings other than parliamentary understandings—of attitudes within parliament—between the CDR and FSN. I think that any extra-parliamentary understanding is harmful to the Convention. I cannot make a separate policy from that of the Convention because I am a loyal member. But if the majority decides so, I comply. Thus I adhere to the alliance that has been concluded, without, however, agreeing with the form of cooperation that we practice with the FSN. Let us not forget that the FSN participated in the government and took the country to where it is now. I do not think that an alliance between the CDR and PD-FSN would be beneficial for a government. On the whole, this explosion of alliances is normal because there is a trend toward concentrating political parties. I favor the unity of the opposition and that of parties with the same political orientation. Unfortunately, subjective reasons prevent this from being achieved.

[Dobre] In this context, what is your view on the chances for a liberal unification?

[Cerveni] Unfortunately, the idea of unification begun in 1992, during the September elections, between the

National Liberal Party-Young Wing and the National Liberal Party-Democratic Convention was a failure with quite negative consequences, because it created the possibility of mistrust. There are suspicions among us. Some liberals think that we are a minor party. We do not view ourselves as a major or a minor party, but as a liberal one. From our point of view, the prospect of unification has to exist. No one should be excluded from such a unification. For the sake of unity, everything should be applied and viewed in a tolerant way. It would be a great mistake to exclude any party that calls itself liberal.

[Dobre] Will these changes affect the situation within the CDR in any way? How do you see the future of the Convention?

[Cerveni] This united opposition, which is called CDR, does not operate properly within or outside parliament. But the spirit of the Convention is topical. For this reason, the CDR is useful, necessary, and opportune. This is why there are so many of us struggling for the existence of the Democratic Convention and for strengthening and developing it. It is the only hope for democracy in Romania; it is one of this country's political alternatives.

[Dobre] The FDSN National Convention will take place in Bucharest at the beginning of July. Do you think that there will be any change among the ranks of the ruling party?

[Cerveni] I have never thought that there are differing movements within the FDSN. There are only more liberal or more conservative figures. But there are no wings in the true sense of the word. Unfortunately, they cannot exist. What the FDSN is holding is not power. This party was born because of its power. As long power is its ally, one cannot speak of splits within the FDSN. Its only aim is to preserve, in a diversionist way, the former communist structures within a party that is nothing but the Romanian Communist Party. That is the tragedy of this country. Although it says that it has no connection with the former Communist Party, the FDSN is its successor and this with President Iliescu's protection.

Democratic Cooperative Party, FDSN Merge

AU0807060093 Bucharest ADEVARUL in Romanian 5 Jul 93 p 2

[Article by P. Sragher: "The FDSN Has Absorbed Another Small Party"]

[Text] After the Republican Party and the Socialist Democratic Party signed the document on merging with the ruling party, it was the turn of the Democratic Cooperative Party to irremediably link its destinies to the FDSN [Democratic National Salvation Front]. The merger took place at Elisabeth Palace, in front of journalists and video cameras, and with ungenerous glasses of champagne. The name of the president of the Democratic Cooperative Party, which we learned only during the festivities, is Ion (Jean) Simionescu. The party has 30,000 members and about twice as many sympathizers. Nevertheless, in the 1992 September elections it succeeded in winning only 40,000 votes, thus was not able to secure a seat in the parliament. However, this party has branches in 35 counties.

Spiroiu on Role of National Defense College

AU0807053093 Bucharest Radio Romania Network in Romanian 1700 GMT 7 Jul 93

[Text] A roundtable entitled Internal Stability—The Foundation for National Security and Defense, was organized in Cluj-Napoca today. The roundtable was attended by generals and officers of the Ministry of National Defense, the Interior Ministry, and the Romanian Intelligence Service, and by Army experts and local prefects.

At the end of the meeting, Lieutenant General Niculae Spiroiu, minister of national defense, referring to the role of the National Defense College, said: "No doubt this is part of the strategy of the government program and in general of the strategy regarding the reform of the leadership of important state institutions, such as the Army, and thus national defense. The role of the National Defense College is to offer training from the point of view of knowledge regarding national security, the strategy of the national security, and national defense to persons who currently occupy or will occupy positions in different state institutions, in the parliament, and in the leadership of the Central State Administration, and to persons who, in the near future, in accordance with the parliament decision, will occupy functions in the leadership of the Ministry of National Defense."

New Peasant Trade Union Established

AU0707181893 Bucharest AZI in Romanian 5 Jul 93 p 3

[Interview with Dan Draghici, president of the National Trade Union of the Romanian Peasantry, by Constantin Mesenschi; place and date not given: "They Are Joining by the Thousands"]

[Text] For the first time in the past three years, the tillers of the land have set up their own body through the National Trade Union of the Romanian Peasantry [Sindicatul National al Taranimii Romane]—"Propact"—to represent their interests. Details have been provided by Professor Dan Draghici, president of this new formation.

[Mesenschi] How did the farmers welcome the appearance of this trade Union?

[Draghici] Propact represents the interests of more than 8 million farmers who own land. They are shareholders, animal breeders, and beekeepers. The interest in this trade union is very keen. It is difficult to give an exact figure, but in a matter of two months the number of our

members exceeded 400,000-500,000 because they are coming by the thousands to join it.

[Mesenschi] It has been announced that a meeting of the Romanian peasantry is to be organized on 11 July in Aviator Square [in Bucharest]. What are the reasons for this move?

[Draghici] First, there is discussion on the Land Law, its ambiguities, and the amendments that we proposed, aside from those discussed by the opposition in parliament. Another problem is that of corruption in agriculture, and I am primarily referring to wheat, sugar, corn, edible oil deals, and so forth. After the meeting, we want to conduct talks with the prime minister and the president.

[Mesenschi] What kind of participation do you anticipate?

[Draghici] We expect 100,000 people or more, but it is difficult to make an assessment because this is the first meeting we have organized. We hope, however, to have at least 50,000-60,000 participants, considering how expensive transportation is.

[Mesenschi] I would like you to tell me how great you think are the reserves of agricultural products in the possession of farmers ?

[Draghici] There are large reserves and I would like to give an example: Three weeks ago, two freight cars were loaded with wheat and corn in the village of Cateasca in a matter of three hours. There are people who possess 7,000-8,000 kgs of wheat...

[Mesenschi] So, what do you think of affirmations that farmers have no agricultural produce?

[Draghici] They are lies designed to cover up for the clique within the Ministry of Agriculture, which—for a great many dollars—contracted for loads of agricultural products while the commissions, also in dollars, went into their pockets.

Fire at Reactor 'Did Not Effect Environment'

AU0807184993 Bucharest Radio Romania Network in Romanian 1700 GMT 8 Jul 93

[Text] As RENEL [the Romanian National Electricity Network Corporation] has announced, on 5 July 1993 a fire broke out at the cooling tower outside the building of the research reactor of the Pitesti Nuclear Research Institute, the operation of which had been closed down two weeks before for a check up. The fire effected towers two and three of the seven existing and was contained and extinguished in some 25 minutes without outside help.

The event did not effect the environment and the reactor may continue to operate under perfect conditions of nuclear safety and security, ROMPRES reports.

Foreign Media Bulletin: Balkan Crisis 9 July
WA0907161993

The following is an overview of current FBIS reporting on events in the Balkans. It supplements other FBIS reporting and consists primarily of selected summaries of longer reports. For reference purposes, serial numbers of the longer reports are provided.

SUMMARY

Bosnian President Izetbegovic suggests he might accept confederation plan ... Doctors say Serbian opposition leader Draskovic could "die within hours" ... WHO warns of dire conditions in Sarajevo ... Fighting reported throughout Bosnia ... Bosnian Serbs reportedly prevent French troops from reaching Sarajevo.

POLITICAL

IZETBEGOVIC ON CONFEDERATION (Sarajevo Radio, TANJUG): In an interview with Bosnian Radio and Television, Bosnian President Izetbegovic says he might accept a Serbian and Croatian plan to establish a confederation of three ethnic states in Bosnia if failure to accept it "would mean an endless war." Izetbegovic adds "illusions" that Muslims "will fight until the Bosnian flag is unfurled in Banja Luka" is "not realistic" and that the country has already been divided ethnically through military means. In the same interview, however, Izetbegovic says that the Bosnian Army has "managed to liberate 30 to 35 percent" of the country and has "a good chance of successfully resisting in the future." (AU0807202093, LD0807213993)

DOCTORS SAY DRASKOVIC NEAR DEATH (AFP, TANJUG): Doctors tending Serbian opposition leader Draskovic urge that he be released, saying that he could "die within hours." Judge rejects appeal for his release. Draskovic's lawyers say his health has "deteriorated so badly" that he is unable to receive visitors. (AU0907062693, LD0807162893)

WHO CHIEF WARNS OF DIRE CONDITIONS (Sarajevo Radio): WHO chief sends letter to Secretary General Butrus-Ghali urging the UN to "take urgent measures" to deliver medication and fuel to Sarajevo, where living conditions have "deteriorated drastically." (AU0907093193)

MILITARY

FIGHTING REPORTED THROUGHOUT BOSNIA (Sarajevo Radio, Zagreb Radio, TANJUG): Sarajevo Radio reports Bosnian Serb artillery and tank attacks in a Sarajevo suburb, around Maglaj, and in Brcko; Zagreb Radio says Muslims continue to attack Croatian troops in central Bosnia and Mostar; TANJUG reports Muslim offensive in northern and southern Bosnia. (LD0807222393, LD0807203193, AU0907115293, AU0907094293, LD0907101193, LD0807140093)

SERBS BLOCK FRENCH TROOPS (AFP): French officer says Bosnian Serbs prevented 150 French UN troops from entering Sarajevo, where they are scheduled to take part in a contingent of 1,500 French troops who are protecting the city. (AU0807152193)

Izetbegovic Accepts Confederation Proposal

AU0807185993 Paris AFP in English 1846 GMT 8 Jul 93

[Text] Sarajevo, July 8 (AFP)—President Alija Izetbegovic accepted Thursday for the first time that Bosnia-Herzegovina could become a confederation of ethnic states if the Serbs and Croats insisted.

If his Moslem-led government resisted, he acknowledged in a 90-minute interview on radio and television, the 15-month war could become "a war without end."

The president recognised that ethnic division—"unacceptable to us, or acceptable only with difficulty"—had in fact already taken place "by force of arms."

"We are not going to commit suicide," he said.

Izetbegovic said the ethnically mixed Bosnian leadership would accept a confederation—as proposed last month by Croatia and Serbia—"only if it were imposed, if we simply had not other choice, or if the choice was between such a division or being dragged into a war without end."

With the separatist Serbs now holding some 70 percent of Bosnian territory, and the Croats about 20 percent, the president, who is a Moslem, said Bosnia had to "take into account" the ethnic division which had already taken place.

He added that it was "in a sense, pointless to close one's eyes to this reality."

"We are going to work for peace," he said. "We will not go in a direction that will lead us into a war without end. We are not going to commit suicide."

Seven members of the 10-strong collective presidency took part in talks on the confederation plan in Geneva last month, but Izetbegovic boycotted the meeting.

Confederation To Avoid 'Endless War'

LD0807213993 Belgrade TANJUG in English 2056 GMT 8 Jul 93

["Pool" item]

[Text] Belgrade, July 8 (TANJUG)—Leader of Bosnian Moslems Alija Izetbegovic said Thursday Bosnia-Herzegovina could be transformed into confederation only if this solution was imposed and if failure to accept it would mean endless war.

In an interview to Moslem controlled Bosnia Radio-Television, Izetbegovic admitted, as the French News agency AFP reports, that "ethnic division of Bosnia, which was carried out by arms, was something to be reckoned with. This is a reality before which it is impossible to close one's eyes."

However, this was a delicate decision that cannot be taken individually, but only collectively, said Izetbegovic.

A civil and ethnic war between Moslems, Serbs and Croats raged in this former Yugoslav republic for 16 months. Bosnian Serbs and Croats have proposed a confederation, while Moslems urge a unitary state.

Izetbegovic said Bosnia would "continue to exist in some way. We will work towards achieving peace, we will not act in such a way as to be drawn into war which would be without end. Bosnia will not commit suicide."

"There are those who disseminate illusions that we will fight until our flag is once more unfurled in Banja Luka (a Serb-controlled city in northwestern Bosnia) and outside Bosnia, but this is not realistic. People must be told the truth," said Alija Izetbegovic.

Presidency, Parties Reject 'Disintegration' of State

AU0907085293 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0800 GMT 9 Jul 93

[Text] A joint position was adopted at yesterday's consultative meeting of the Bosnia-Herzegovina Presidency and the representatives of the parliamentary parties in the Bosnia-Herzegovina Assembly:

It is impossible to embrace the solution that would lead to the disintegration of Bosnia-Herzegovina as a state or to recognize the factual situation that was created by forceful means and other types of crime as well as the forceful conquest of territories.

At the same time, we accept initiatives that would bring a just peace as quickly as possible and put a stop to the suffering of the people.

The parliamentary parties will submit their views on these issues to the Presidency before the envisaged meeting of the collective executive of the state and cochairmen of the peace conference on former Yugoslavia Owen and Stoltenberg, reads the statement of the Bosnia-Herzegovina Presidency.

Presidency Considers Initiatives

LD0807215293 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 2000 GMT 8 Jul 93

[Text] A consultative session of the Presidency of the Republic of Bosnia-Herzegovina and representatives of parliamentary parties in the republic's assembly was held today. Nada Rajkovic reports:

[Rajkovic] The latest proposal introduced by Belgrade and Zagreb for our country's confederalization along ethnic lines was discussed, as well as a draft of Bosnia-Herzegovina's future constitutional organization, which will be proposed by our state delegation. The unanimous position is that those proposals that will lead to the dismantling and termination of Bosnia-Herzegovina as a state are unacceptable. The existing state of affairs

brought about by acts of genocide and other forms of war crimes in the territories seized by force are also unacceptable.

Every initiative that might result in a just peace and an end to the suffering of the people as soon as possible should, however, be acknowledged and considered in a most serious way. The parliamentary parties will submit their positions to the Presidency prior to a scheduled meeting of the collective head of state with the cochairmen of the Conference on the Former Yugoslavia, Owen and Stoltenberg, the statement by the Presidency of the Republic of Bosnia-Herzegovina says.

The Presidency today released yet another statement. It says: "The aggressor against our country does not refrain from destroying—systematically and savagely—everything that defines Bosnia-Herzegovina in a political, material, and spiritual sense. Following the countless reports of tragedies, genocide, and the destruction of thousands of material monuments to a rich culture, hundreds of thousands of homes, economic facilities, and communications, it seems that it is now the turn of the most popular symbol of Herzegovina—the one after which the city of Mostar was named. According to a report by the war Presidency of the city of Mostar, the old bridge has been damaged to such an extent that it is now in constant danger of collapsing. This has been borne out by a large number of reporters who have visited the site, by officials of international organizations, and by others.

The Presidency of Bosnia-Herzegovina condemns this act of barbaric violence and its contribution to forcible divisions among people. The Presidency appeals to all those who can help to prevent this crime from taking place. It demands that UNESCO, in particular, protect the monument in the most effective way. It is a part of the world's cultural heritage.

WHO Chief Warns of 'Catastrophe' in Sarajevo

AU0907093193 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0800 GMT 9 Jul 93

[Text] The World Health Organization has appealed to UN Secretary General Butrus Butrus-Ghali to take urgent measures to deliver medication and fuel to Bosnia-Herzegovina, BBC reports.

Dr. Hirashi Nakajima [name as heard], director general of this organization, stated in Geneva that the circumstances in Sarajevo and other besieged towns have deteriorated drastically. He warned that if something is not done, an catastrophe unprecedented in Europe since World War II could take place.

Serbs Block French UN Troops

AU0807152193 Paris AFP in English 1510 GMT 8 Jul 93

[Text] Sarajevo, July 8 (AFP)—Serb forces prevented some 150 French U.N. troops from coming to the Bosnian capital Sarajevo on Thursday [8 July], a French officer said.

The troops are part of a contingent of 1,200 French soldiers expected here by July 15 to help implement U.N. Resolution 836 which designates Sarajevo as a "safe haven."

The 150, equipped with light tanks, were to have driven from Visoko, 35 kilometers (20 miles) away, to Sarajevo. But negotiations by the U.N. Protection Force (UNPROFOR) failed to convince Serb forces to let the French troops through a roadblock on the way.

An additional 850 French U.N. troops are expected to come to Sarajevo during the weekend. The battalion is to be housed in the centre of the city, not far from the fighting, in a building where ice-skaters competed in the 1984 Olympics.

Their arrival is expected to help UNPROFOR take up a "more offensive attitude," Colonel Marcel Valentin, commander of the U.N. troops in Sarajevo, said recently.

Serbs Launch Tank, Infantry Attack on Brcko

AU0907094293 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0800 GMT 9 Jul 93

[Hamiz Deronjic report from Brcko]

[Excerpt] The borders of the northern corridor in Brcko are shaking with terrible explosions of the aggressor's artillery and combined tank and infantry attacks.

Following the hasty regrouping of troops over the last 24 hours, especially of the armored mechanized hardware noted in Grbavica, Sekulici, Lipovac and Vranovaca last night, the enemy moved onto the attack this morning. At 0625 [0425 GMT] this morning, howitzers, tanks, mortars, and recoilless guns suddenly opened up at nearly the entire defense line of the free Brcko territory. This was followed by a tank and infantry attack at Lipovac, Brod, and Brodusa.

The defenders have stoutly resisted the onslaught of the Chetnik armored and infantry units. Major battles are being fought at this very moment, but Brcko's defense lines are not endangered in any section of the battlefield. [passage omitted]

Seven Killed, Nine Wounded in Attack on Ilidza

LD0807222393 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 2000 GMT 8 Jul 93

[Text] [Announcer] We have just received a report by the Fourth Motorized Brigade of the Bosnia-Herzegovina Army:

[Correspondent] This night of 8 July will certainly be remembered by the population and soldiers of the Fourth Motorized Brigade as the saddest. It will be also remembered for a serious crime committed by the enemy against civilians in this part of the free territory. Seven killed, and nine injured women and children, civilians that is, is the tragic outcome of this attack on the Ilidza territory [southwest of Sarajevo].

Following a relatively quiet morning and following small-arms enemy provocations this afternoon, a hellish night arrived for the citizens of Sokolovici, Hrasnica, and Butmir [all southwest of Sarajevo]. Shortly after 2030 [1830 GMT], a fierce artillery attack on these settlements was suddenly launched.

Horrendous explosions caused by howitzer 155-mm shells were echoing throughout Sokolovic and Hrasnica [word indistinct].

The Chetnik attack is continuing, and the [words indistinct]. Material damage is considerable [words indistinct].

Needless to say, the people of Ilidza are bitter and the soldiers of the Fourth Motorized brigade pledge to pay back every Chetnik act of vandalism threefold.

This was the information service of the Fourth Motorized Brigade reporting for Bosnia-Herzegovina Radio and TV.

Serbs Report Fighting With Muslims in South, North

LD0807203193 Belgrade TANJUG in English 1957 GMT 8 Jul 93

["Pool" item]

[Text] Belgrade, July 8 (TANJUG)—The forces of the army of the Serbian republic in Bosnia-Herzegovina (VRS) checked Thursday afternoon a Moslem forces breakthrough attempt near Gradacac, northern Bosnia-Herzegovina, the Bosnian Serb military sources said.

Moslems almost simultaneously launched a strong attack on Serb positions in the far north of Bosnia, the Bosnian Serb military sources said. The attack was launched as set out, from the positions near Brcko and all available arms were used.

The VRS fighters responded with equal strength to the attacks, as the defense lines remained unchanged, the same sources claim.

The Serb and Moslem forces Thursday clashed also in the south of this war-shattered former Yugoslav republic.

The Serb military sources claim the Moslem forces continued infantry and artillery attacks towards the broader area of Kalinovik.

The VRS local command in Trebinje said the armed forces of the Republic of Croatia on several occasions Thursday used tanks in the area of Mareva Ljut at the Trebinje front sector.

A number of shells fell on this part of Popovo Polje, a flatland in this region, causing considerable material damage, but there were no human losses, the command claims.

Muslim-Croat Clashes Persist in Central Bosnia

LD0807202393 Belgrade TANJUG in English 1939 GMT 8 Jul 93

["Pool" item]

[Text] Belgrade, July 8 (TANJUG)—Fighting between the Bosnian Moslems and Croats continued in central Bosnia Thursday, the most severe being around Kiseljak, Busovaca, Novi Travnik and Zepce.

The Croatian radio reported seven civilians were wounded from Moslem shelling in the settlements around Kiseljak, northwest of Sarajevo, while one person was killed and several wounded in the attack on Novi Travnik and the surrounding villages.

Moslem artillery, the radio said, also shelled Vitez, wounding two civilians. The forces of Bosnian Croats (HVO) [Croatian Defense Council] reported large-scale movements of Moslem troops from Visoko towards Kiseljak as well as that Moslem formations were digging in around Vares, the radio said.

Over 100 rounds were fired since Wednesday morning, the same source claims, killing three persons and wounding several others. As many as five Moslem brigades, HVO sources reported, went [words indistinct] fresh attacks on Zepce.

A total of eight HVO troops were killed and 17 wounded in fierce fighting Wednesday evening and Thursday morning in the triangle connecting Maglaj, Zavidovici and Zepce, the Croatian radio said.

The Moslem Sarajevo radio reported that HVO members stepped up artillery and infantry attacks on Maglaj and Tesanj Thursday.

Citing UNPROFOR [UN Protection Force] information, the same source said, HVO units were digging in and fortifying around Vares.

The Moslem radio claims Thursday some 7,000 Moslem civilians were seized and are in the HVO camps in Zepce. The radio said the largest camp was in metal sheet

hangers and stables of a former farm, where 3,900 civilians, mostly women, children and men over 60, were kept, while younger men were taken to an unknown destination.

The third group of 11 recovered HVO members, wounded in clashes with Moslems in central Bosnia, left the Banja Luka hospital Thursday and were turned over to medical authorities of the Republic of Croatia at Novska.

Although some 20 more HVO members underwent treatment over the past ten or so days in Banja Luka medical institutions, the media in the Republic of Croatia, instead of offering thanks for humane treatment of the wounded Croats, persistently accuses the Serb authorities of allegedly expelling Croats from Banja Luka.

The Serb military sources describe this as an attempt to, keeping secret the truth from the public in Croatia, maintain as long as possible the anti-Serb atmosphere in this republic and beyond.

The Bosnian Serbs have over the recent weeks admitted to their territory and in this way saved from Moslem terror several thousand Croats-civilians and HVO members.

Fighting Continues; Many Casualties Among Croats

LD0807140093 Zagreb Radio Croatia Network in Serbo-Croatian 1300 GMT 8 Jul 93

[Text] Following a relatively quiet night in central Bosnia, Muslim attacks were resumed this morning. The fiercest fighting is in progress around Kiseljak, Busovaca, Novi Travnik, and Zepce. One civilian has been killed in Croat villages in the Busovaca municipality, which are being pounded by Muslim army howitzers and mortars from their stronghold in Kacuni. Croatian Defense Council [HVO] forces this morning repelled an infantry attack in the area.

In the Kiseljak municipality, the situation is the most difficult in the villages of Patnje, Kazagici, and Gradina.

Seven civilians have been wounded in an artillery attack on these villages that is still in progress. One person has been killed and many have been wounded in Stojkovici near Novi Travnik, which the Muslim army is pounding with mortars. An infantry attack on the village of Zubici has been repelled.

Muslim snipers have wounded several persons in Novi Travnik, where there is no major fighting today. Vitez also came under artillery fire. Two civilians have been wounded, and a recreation complex hit by incendiary bombs fired on the town has burned down.

HVO military sources report that a huge movement of the Muslim army from Visoko toward Kiseljak was observed and that Muslim forces are entrenching around Vares.

More than 100 destructive shells have been fired on Zepce since this morning. As HVO military sources are reporting, as many as five Muslim brigades have launched fresh attacks on the town. Three civilians have been killed and many wounded in the shelling.

Eight HVO members were killed and 11 wounded in the fierce battles waged last night and today along the entire triangle between Maglaj, Zavidovici, and Zepce.

Mostar is hot and quiet today. There is no major fighting, but Muslim snipers pose a great danger. They have killed one civilian on Santic Street.

Muslim Attacks Reported Around Mostar

LD0907101193 Zagreb Radio Croatia Network in Serbo-Croatian 0800 GMT 9 Jul 93

[Excerpts] As usual, the Muslim army last night opened fire from mortars, recoilless guns, and infantry weapons along the entire frontline in Mostar. Croatian Defense Council [HVO] units responded to all the attacks, strengthening present positions, and reasserting their control over the Bijelo Polje-Mostar road, the HVO's military sources report.

The Muslim army, in control of the dam on the outskirts of Mostar, is raising the water level of the Neretva river considerably. This kind of challenge, the HVO announced, can be countered.

One member of the HVO was killed while another two were slightly wounded over the past 24 hours.

It was somewhat calmer in the region of central Bosnia last night. [passage omitted]

To all appearances, prohibition is being introduced in Sarajevo. The Government of Bosnia-Herzegovina has ordered a one-month shut-down of bars because they have been selling alcoholic beverages for hard currency, Sarajevo Radio announced today. [passage omitted]

Izetbegovic Comments on Military Situation

AU0807202093 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 8 Jul 93

["Excerpts" from interview with President Alija Izetbegovic to the Radio and Television of Bosnia-Herzegovina, in Sarajevo on 8 July—recorded]

[Text] [Izetbegovic] Generally speaking, the military situation is fairly difficult considering that (?as it is now especially clear) we are in fact fighting on two fronts. Of course, we tried to avoid this in every possible way. What every prudent soldier, every prudent politician would try to do is always avoid the second front. This front was simply imposed on us.

This is not the result of the so-called (?as you said) catastrophic policy that was conducted by the government. Everyone knows that. We simply (?tried everything). If we occasionally did something that the people

did not like, such as my visits to Zagreb on several occasions to find a solution, I always thought that [words indistinct] if I go there and hold talks with Tudjman for the fifth time, since he did not come to Sarajevo, but bearing in mind the fact that we cannot afford the second front, and I saw that it was hanging in the air in Herzegovina, I personally visited it. I held talks with Boban in Split on one occasion. I also visited Mostar, spent days there to try to find a way out, and so forth. I saw that the storm was brewing. After all, I had a considerable amount information that the attack was being prepared.

They in fact did not accept the Vance-Owen plan. When I say they I primarily refer to Boban [leader of the Bosnian Croats] and his group. Boban had signed the plan, he had accepted it. We on the other hand signed the plan for the very same reasons they did not sign it sincerely. We held the view that [words indistinct] Bosnia first of all functions, first of all exists, just as, after all, the Serbian republic does. These were our main motives and this was (?going to) be like that. Boban understood this and he signed the plan. However, when the plan was supposed to be implemented, at that time we were carrying out partial implementation, although Boban knew that Karadzic would not sign it. He did. It is obvious that some things [words indistinct].

When we proposed a partial implementation and put Boban against the wall, he caused a holocaust. He caused a war in Mostar, he attacked [words indistinct]. Despite the plan the people down there are fighting. Another thing that was achieved is that the world gradually gave up on us and said: Everyone is fighting everyone there. I do not know whose heads this came from; those in Belgrade or those in Zagreb. It seems to me that all this came from some heads in Belgrade, and then from Zagreb and other places in order to stir trouble in central Bosnia and Mostar. [words indistinct]

I am trying to explain to you what the background to the current situation is. We were aware that the possibility of the second front was real and hurried up (?with the implementation) of the Vance-Owen plan. Boban does not identify himself with the Vance-Owen plan because he sees two provinces existing and no Bosnia. And he is the president of Herceg-Bosna, and so forth.

So this led to the creation of the second front and the situation became very difficult in many places. However, as you can see, we are nevertheless coping.

As regards the military situation, I can say that we think that we have been relatively successful. Why? Because Bosnia-Herzegovina started in this war as an occupied country. Russian journalists told me recently, you know, they managed to occupy 70 percent of your country. I said no, the situation is completely different. We managed to liberate some 30 to 35 percent of the country, which was completely occupied at the beginning of the war.

Therefore, we have been defending ourselves for 15 months and are resisting the superior force of the former Yugoslav army, which is now the Serbian army, and now from this other army. The situation is now very grave. We have a good chance of successfully resisting in the future.

Commentator Assesses G-7 Summit, Mediators

AU0807171493 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 8 Jul 93

[Zoran Piralic commentary]

[Text] The fate of this country is that it enjoys the world's support in terms of many declarations, resolutions, and various documents from numerous international meetings, and yet it does not enjoy concrete help and support where they are needed most, out in the field and in the (word indistinct) political-diplomatic battles. The seven richest countries expressed strong support in Tokyo for the territorial integrity of Bosnia-Herzegovina and sternly warned Croatia and Serbia not to dismember this country. (?If they do) they are risking isolation from the international community for a long time.

Support was also extended to UN efforts, particularly the activities on the creation of safe havens in Bosnia-Herzegovina. Readiness was expressed once again to (?open the purse more) and [word indistinct] a real human catastrophe in Bosnia.

At first sight there is essentially nothing new. However, some (?details) do stand out. The most powerful countries are for the first time equating Bosnia's two neighbors, Serbia and Croatia, because of (?their participation) in the break-up of this state [words indistinct] cannot be equated because the Serbian nationalist regime has opened a Pandora's box in the former Yugoslavia and started the aggression, not only against Bosnia-Herzegovina but also against Croatia.

However, the warning issued to Croatia in Tokyo should under no condition be ignored in Zagreb either. All of Croatia's ambitions are turned toward the West and Europe and [passage indistinct] conspicuously differs from the current Geneva negotiations [words indistinct] of this country along ethnic lines. Does this indicate additional confusion in the international community, because both France and especially Great Britain accepted with open arms the offer made by Tudjman and Milosevic on the confederal division of Bosnia-Herzegovina, or have the Seven realized that this is a (?futile entreprise) that leads to the escalation of the war in Bosnia.

There are obviously profound differences between the United States and Germany, on the one side, and [words indistinct] as concerns the Serbian and Croatian break-up of Bosnia, and one could therefore conclude that Clinton and Kohl, as the key participants in the summit in Tokyo, managed to impose their views in the document on Bosnia.

It is still too early to (?claim) that the Geneva formula for the division of Bosnia is no longer supported, but (?the cooling) toward this idea is (?noticeable). The gap between the current two cochairmen of the Geneva Conference on the former Yugoslavia and the positions adopted in Tokyo, and in some ways the last declaration of the heads of states and governments of the EC countries in Copenhagen, are noticeable.

Lord Owen is behaving as if he was representing Tudjman and Milosevic and not the EC. Some of his statements, with which he is (?urging) the Bosnian side to accept the division of the country, are not only lacking in diplomatic character but are [words indistinct] for this country, which remembers how Lord Owen easily gave up persuading Karadzic when he forgot overnight that he had signed the Owen-Vance plan in Athens.

It is scandalous that the mediators should travel to Belgrade and Zagreb to see Tudjman and Milosevic but not to Sarajevo, as if this did concern the future of this country and its citizens. We are no longer talking about [words indistinct] remove the entire case of Bosnia-Herzegovina from the agenda at any cost and in any possible way.

The positions in Tokyo show that Owen and Stoltenberg are either in increasingly serious discord with their masters, or that the world is applying double standards on Bosnia-Herzegovina.

Tuzla Residents Attempt To Loot UNHCR Food Warehouse

AU0807123493 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1200 GMT 8 Jul 93

[Text] A group of 500 to 1,000 people gathered yesterday (?in front of a Tuzla) food warehouse, in an attempt to loot it. The members of the local police fired several shots in the air, after which the group quickly dispersed. In this incident, a certain amount of cooking oil was stolen from the warehouse.

According to UNHCR representative Peter Kessler, this incident vividly illustrates the increasing lack of food in the Tuzla region. People are on the verge of starvation, while fewer and fewer convoys with food are arriving in this part of Bosnia-Herzegovina, where there are some 750,000 people. [words indistinct] through this region are cut off, while the amount of humanitarian aid is diminishing, so a catastrophe is threatening the entire region. (?The lack of fuel) is a particular problem, as it affects the harvest, which in turn makes the humanitarian situation in the Tuzla region more critical, Peter Kessler says.

Serbian Member of B-H Presidency Interviewed

93BA1163F Ljubljana DELO in Slovene 17 Jun 93 p 5

[Interview with Bosnia-Herzegovina Presidency member Mirko Pejanovic by Zdravko Latal: "On Conflicts in the Presidency"]

[Text] *A Serbian representative in the Presidency claims that they have succeeded in achieving political agreement on all the fundamental issues; Fikret Abdic is accusing Izetbegovic of being responsible for the Presidency's disunity.*

From our associate.

Sarajevo, 16 Jun—From the very beginning, the Presidency of the Republic of Bosnia-Herzegovina has clashed with the rather disunited interests of the three ruling national parties. Karadzic's sympathizers in the SDS [Serbian Democratic Party] were the first to leave the Presidency and establish their own parastate. Then the HDZ [Croatian Democratic Community] representatives in the Presidency also left Sarajevo, and together with Mate Boban, established Herceg-Bosna, with all the characteristics of an independent state. Although they have officially not left the Presidency, they are not participating in its work, unless we count critical comments. Then Dr. Mirko Pejanovic and Dr. Tatjana Ljujic-Mijatovic, by entering the Bosnia-Herzegovina Presidency, took over the representation of Serbian interests in the highest government body, which in the war situation also has the powers of the Assembly.

When it already seemed that a more or less acceptable degree of unity had been achieved, Fikret Abdic, in an interview from his enclave of Velika Kladusa, decisively criticized the Presidency's disunity, and blamed Izetbegovic, Ganic, and Silajdzic. Dr. Mirko Pejanovic is a person with experience from the former system, who can speak objectively about these disputes. The first question that we asked him in an interview for DELO was how united the Bosnia-Herzegovina Presidency was in making decisions, and whether Abdic's accusations were justified.

[Pejanovic] The overall situation in Bosnia-Herzegovina is undoubtedly burdening the Presidency's work. The first and fundamental cause is the war, and the second one, which is a consequence of the first, is the prolonged blockade of Sarajevo. In that kind of situation it is difficult to work and make decisions, which ought to overtake events, so to speak. The fact that we are living and working in a city where there is usually no water or electricity or telephone communications, so that we are cut off from the world, necessarily influences the quality of our decisions. The mutual relations and balance of power in the Presidency are a consequence of the departure of Borak and Lasic, while Fikret Abdic left with the excuse that he intended to organize economic and legal life in the Bihac area. To be sure, he has achieved successes in that area, but it has limited his work in the Presidency, especially in the area of international activity. Abdic, in fact, is not responsible for just one of the regions.

Those of us who stayed, the four members of the Presidency, the president of the Assembly, a person who is substituting for the prime minister, and the chief of staff of the Bosnia-Herzegovina Army, are working as

well as we can and as well as we know how. We are not at odds on the fundamental issues; so far we have always been able to achieve appropriate political agreement, especially in efforts for a political resolution of the crisis, i.e., in the struggle for the Vance-Owen peace plan. One should also consider in that light the convening of the first session of the Bosnia-Herzegovina Assembly in wartime. We succeeded in formulating and consolidating the tactics and strategy of the starting points for the Presidency's work in wartime, which is in the common interest of all three peoples in Bosnia-Herzegovina. The main principles of those starting points are that the most important issues have to be settled by political means, and that we in Bosnia-Herzegovina are witnessing a general defensive war. Another fundamental element of the unity achieved in the Presidency has to do with the hesitation over agreeing to the proposal from the group of five in Washington on establishing safe areas. We also succeeded in overcoming that dilemma in favor of the interests of all three peoples, in order to establish peace as soon as possible. It was not without difficulty, certainly, with the conditions that we set and that the public is already aware of, but in regard to the document from Washington we also avoided the danger of a split. The Presidency is thus united on the most important issue, how to end the war and establish peace.

[Latal] But Mr. Fikret Abdic is warning about serious conflicts among the Presidency's members, especially among those of Muslim nationality.

[Pejanovic] I must confess that I did not listen to Mr. Abdic's interview, but I am acquainted with some of his positions. As a member of the Presidency, he has the right to state his opinion publicly, and also to oppose some decisions that we adopted. I perceived that he did not agree with President Izetbegovic's policy, especially his position on the Muslims' national interests. He spoke critically about the enormous casualties among the Muslims in this war. Mr. Abdic could probably best advocate and explain his opinion himself, but I would like to emphasize that all of us in the Presidency, some more than others, are responsible for the casualties, the war, and the continuation of the conflicts. Mr. Abdic also cannot evade that responsibility. It will be known soon how responsible individuals are; the world and our peoples themselves will judge that. It is understandable that greater responsibility has to be assumed by those who are in higher positions, and that President Izetbegovic's share of the responsibility is a large one precisely because of his position. I would be glad if the energy of Mr. Fikret Abdic, a sincere fighter for peace, the equality of peoples, and economic progress in Bosnia-Herzegovina, were to be put to use in the entire state, and not just in one of its regions.

Stabilization of the Army or Resignation of the Presidency

[Latal] How united were you in deciding on the changes in the Bosnia-Herzegovina Army's leadership, and how long did it take you to adopt those decisions?

[Pejanovic] They were the fruit of thorough analysis and the judgment that it would be necessary to strengthen the overall defensive capability of the state and its armed forces. It remains to be seen how effective the decision on appointing Rasim Delic commander of the Bosnia-Herzegovina Army will be. That will depend on the efforts of all patriotic forces and the authorities to unite in the defense of the state. It is indisputable that we made that decision in extremely complicated circumstances, when the conflicts with HVO [Croatian Defense Council] units were intensifying. It is the next to the last step in determining responsibility for the situation that has occurred. The next step is the resignation of the members and the Presidency itself. With respect to the Ministry of Internal Affairs, things are different. The Ministry succeeded in consolidating its ranks, and the results of its work are positive. Poor cooperation with the Army also influenced the replacement of the top man in politics.

[Latal] How should we explain the fact that the Interior Ministry's work was favorably assessed, but the minister was dismissed? At the same time, however, such replacements were not made in the Army, where violations continue to be committed, since people are still being forced to dig trenches, and there are also successive mistakes in carrying out individual actions which entail high casualties, etc.

[Pejanovic] The Presidency adopted that decision unanimously. The main purpose was to strengthen the Army's defensive capability and confidence in it. It is not just a question of Sefer Halilovic's responsibility as chief of the Supreme Command, but rather also the responsibility of the Presidency as the commander in chief. With respect to the illegal mobilization carried out by local commanders, specifically the commander in the area of the Stari Grad municipality, the Presidency ordered Army headquarters that it should be immediately prevented, and that engineering units should be legally established, which would include people who are not fighting in our Army's ranks, but are capable of performing that kind of work.

The HVO Caused the Conflicts

[Latal] How is the Presidency trying to stop the conflicts between the HVO and the Bosnia-Herzegovina Army? Could those conflicts have been avoided, since they are playing into the hands of Radovan Karadzic and Slobodan Milosevic, who claim that it is a civil, religious, and ethnic war? The conflicts have undoubtedly also influenced the world community's attitude toward Bosnia-Herzegovina.

[Pejanovic] It is true that they have undesired consequences with a far-reaching impact. One of the consequences is that the international community is hesitating, when it ought to decide on more decisive measures in Bosnia-Herzegovina. The conflicts have intensified so much that we are witnessing drastic cases of ethnic cleansing, the massacre of civilians, and the

burning of villages. The conflicts did not erupt by chance, but are rather part of a skillful scenario. They broke out precisely when the Vance-Owen plan was to start being implemented. The Croatian-Muslim conflicts are playing into the hands of the SDS's policy and strategy and the fulfillment of Karadzic's plans. Whether they could have been avoided is another question. It should be emphasized that the conflicts were imposed by the HVO, since it started unilaterally implementing the international peace plan. It did not want to agree to the establishment of joint commands in the Mostar, Travnik, and Zenica provinces, but instead tried to establish Herceg-Bosna's authority, which put members of the other peoples in the position of second-class citizens. That obviously could not be accepted. The battles intensified, and the HVO undoubtedly also involved regular units of the Croatian Army in them. The battles and destruction in Mostar also spread like an epidemic to other parts of Bosnia-Herzegovina as well. I must confess that in defending villages and the population, the Bosnia-Herzegovina Army also did not avoid conduct that could be described as criminal. The peace negotiations that are going on now, however, arouse hope that the tension will nevertheless subside.

[Latal] Could the Presidency have done more to avoid these conflicts and their undesirable consequences?

[Pejanovic] Perhaps we could have done more, if not for the communications blockade in operational activity. We did everything that was in our power. President Izetbegovic was in Medjugorje and achieved an agreement on a ceasefire, the tension temporarily relaxed, and then the battles broke out again. Overall relations with Croatia have been spoiled, and in order to eliminate the undesirable consequences, it is necessary to determine where the causes lie. The principal cause is the policy of Mr. Mate Boban, who is actually striving to partition Bosnia-Herzegovina.

[Box, p 5]

Karadzic in the Provisional Presidency?

[Pejanovic] As we have heard from Belgrade, the Serbian side is prepared to participate in forming the government during the transitional period. Among other things, they announced that they would be represented in the Presidency by Karadzic, Koljevic, and Krajisnik. Thus, after rejecting it several times, they have nevertheless agreed to the proposals from Vance and Owen. The question arises, however, of how the Presidency will function if it includes the people who caused the war and have even been accused by the international community of being war criminals.

Opposition Leader on Muslim-Croat Relations

93BA1186B Zagreb DANAS in Serbo-Croatian 18 Jun 93 pp 9-11

[Interview with Dr. Muhamed Filipovic, vice chairman of the Muslim Bosnian Organization, by Zeljko Luburovic; place and date not given: "We Were Naive"]

[Text] *It would not occur to me to regard the dispute between Muslims and Croats as something substantial. On the contrary, it is a product of Serb aggression and is one of the forms of combat used by Serbs to break up Bosnia and Croatia.*

Like other Muslim representatives, Prof. Dr. Muhamed Filipovic, whom the Croatian public remembers as the vice president of the Muslim Bosnian Organization headed by Adil Zulfikarpasic (who initially even tried to come to an agreement with Milosevic himself), has been in Zagreb lately. Filipovic is proud of his origins, the roots that connect him to Croatia as far back as the Franciscan coadjutor Franje Filipovic. He himself will tell you that one of his ancestors captured Knin as a Turkish officer, fighting against the Vlachs (Serbs), adding that based on tradition he is very well-acquainted with "that Serb mentality." But Filipovic's roots have been eclipsed by the offensive being conducted by Muslim units in central Bosnia. Although they are forcing everything Croat out of that region, Filipovic, like other Muslim politicians, sits unmolested in Zagreb, from whence he sets out on trips around Europe. The offensive by the Muslim units is all the more reason for an interview with Tunja, as Bosnians affectionately refer to Prof. Dr. Muhamed Filipovic.

[Luburovic] When did you leave Sarajevo?

[Filipovic] I left during the Medjugorje negotiations, when Alija Izetbegovic invited me to go there. I refused and told him that talks between him and Boban would lead nowhere. After all, that was confirmed by the 10-month history of those talks.

[Luburovic] Why do you think that these talks are leading nowhere?

[Filipovic] Because the talks are being conducted in the name of some sort of national-political entity that does not exist in practice.

[Luburovic] What do you mean "does not exist in practice"?

[Filipovic] If you think that there exists some sort of Muslim or Croat community as a constitutional or political subject, then you are clearly mistaken. There exists a Croat nation and possibly a Muslim nation, although I say Bosnian, which in essence have a pluralistic orientation. There is not one political party that can lay claim to the right to fully express the interests or the will of that subject. Thus, neither the SDA [Party of Democratic Action] nor the HDZ [Croatian Democratic Community] can have the exclusive right to speak on behalf of Muslims or Croats. On several occasions I have rejected Alija Izetbegovic's right to be the only representative of the Muslims, especially since he is a representative of his party and its program, on the basis of which he received a mandate in the elections. However, Izetbegovic has abandoned his election program and is pursuing a policy that no longer enjoys legitimacy in the

form of election results. Perhaps that policy currently enjoys greater legitimacy than the one from the time of the elections, perhaps less.

[Luburovic] What is your interpretation of the fact that there is practically no opposition in Bosnia-Herzegovina, as if it has vanished?

[Filipovic] First of all, it must be emphasized here that in the last elections the national parties received scarcely 48.6 percent of the total electorate's votes. At that time, 26.8 percent of voters supported the opposition, while a little more than 26 percent did not vote. The marginalization of the opposition in Bosnia-Herzegovina began back with Cutileir's attempts to find a solution to the Bosnia-Herzegovina question through a settlement between the three national parties. At the time, opposition participation in the settlement was refused. But since the further situation became more complicated, the opposition's desire to be more active grew, as did the desire of the three national parties to marginalize it. When the war broke out, the opposition lost ground because its platform was adopted as a platform for defending the Republic. I was among the first to say in the Bosnia-Herzegovina Assembly that the country was being subjected to aggression and that this was a case of secession. I said that Bosnia-Herzegovina must defend itself by defending the legality and legitimacy of its institutions. This theory was then accepted by the SDA and HDZ, and on that basis an agreement was reached as a "new configuration of political relations in Bosnia." This involved acceptance of the position that what we had was one secessionist and aggressive party as well as the other parties creating a coalition to preserve Bosnia-Herzegovina.

[Luburovic] So how did it happen that the opposition's influence was hidden?

[Filipovic] Izetbegovic skillfully outmaneuvered this position, accepting it in word but rejecting its practical implementation until he managed to reach a separate agreement with Durakovic's SDP [Socialist Democratic Party].

[Luburovic] What sort of separate agreement was that?

[Filipovic] It was an agreement that disregarded the opposition context, so that only Durakovic's party joined the government and thus gave legitimacy to Izetbegovic's government.

[Luburovic] What is your interpretation of this move by Durakovic?

[Filipovic] I think that this was a case of inadequate political experience and naivete. Durakovic was duped by the idea that it is impossible to be in the opposition during wartime. But that is completely untrue. Since there was no "general mobilization" of political factors in the country's defense in Bosnia-Herzegovina, what happened was the delegitimization of the state. It is remarkable that Bosnia-Herzegovina has a very stable position in terms of respect for its sovereignty and legitimacy by foreign factors, but that position too is gradually wearing thin. Most of all because Bosnia-Herzegovina is unable to achieve normal functioning of its institutions.

[Luburovic] Why is that?

[Filipovic] Because the government, the Presidency, and the Assembly were not moved as soon it was known that Sarajevo would be blockaded. This set up a situation in which decisions were made in Sarajevo about matters that the provinces could not influence, so that political dissension grew even deeper. Finally, when Izetbegovic was supposed to give up his seat as president of the Presidency, in accordance with the Constitution, and Kljujic was getting ready to succeed him, the notion of a wartime Presidency was applied. I think that that was unnecessary because there was no reason whatsoever not to do that rotation. And that is because six members vote for the president of the Presidency, who is the seventh member. These people were not prevented from voting by the war, so that accordingly the possibility of rotation existed. The other big mistake was when Miro Lasic was elected to the Presidency, also unconstitutionally, and this at the insistence of the HDZ, which saw in this some sort of compensation for extending Izetbegovic's mandate. That contributed to the further delegitimization of the highest state institution, because under our law no one can be chosen if he has not passed the election test. Only people from electoral lists can sit on the Presidency. And Lasic did not have that test.

[Luburovic] It can be concluded from this that Bosnia-Herzegovina, despite international recognition, is de facto unsovereign, illegitimate....

[Filipovic] You are drawing a very focused conclusion (ha ha ha). One can speak of a certain degree of delegitimization of Bosnia-Herzegovina. In the sense that the consequences that we are enduring are obvious, both domestically and in the international field. But everyone has made a roughly equal contribution to this situation. The HDZ of Bosnia-Herzegovina, for example, by not participating in the work of state institutions. They must fight for the interests of Croats within the institutions of the state that they have supposedly recognized.

[Luburovic] It is indicative that the whole time you are expounding on the attitude of Muslims and Croats toward Bosnia-Herzegovina, as if there are no Serbs in Bosnia-Herzegovina and they are no problem whatsoever.

[Filipovic] It would not occur to me to regard the dispute between Muslims and Croats as something substantial. On the contrary, it is a product of Serb aggression and is one of the forms of combat used by Serbs to break up Bosnia and Croatia.

[Luburovic] If that is true, would you agree with those who allege that Sefer Halilovic led the offensive in central Bosnia under instructions from Serb Gen. Ratko Mladic?

[Filipovic] I cannot judge that. Last week I asked Izetbegovic for accurate information on how the clashes in the Lasvan valley came about. He was unable to give me accurate information, but he did say that it was all beyond the control of the Presidency and that the matter must be examined. He said that if Sefer Halilovic actually did order such a campaign, then that would indicate to us that this was activity that goes beyond the scope of the law.

[Luburovic] Do you believe that an investigation will be launched?

[Filipovic] I am convinced of it. We have known for quite some time now that Sefer Halilovic has demonstrated a certain lack of military effectiveness. He has also shown a tendency to adopt political stances, and even to try to influence politics. The opposition has asked for an analysis of his work on several occasions, something that would show his real role and what political forces back him.

[Luburovic] Are you not exaggerating Sefer Halilovic's role here?

[Filipovic] We are in a situation where even local commanders can become very important. We are also in a situation where one idiot can do something that 100 reasonable people cannot undo. I think that the extremely bad mood in the Bosnia-Herzegovina Army and in the circles around it, as well as among the Bosnian population in central Bosnia, arose when the roads were closed. For two long months not a single truck with humanitarian aid, and especially no truck with weapons, was allowed to get through to Bosnia.

[Luburovic] Did that not happen after the first Muslim attacks on Croats?

[Filipovic] I would have to correct you: after the first Croat attacks on Muslims. I contend that the Croats began the attacks. Pacifying the situation has no meaning whatsoever if one simply stops shooting, without establishing normal life.

[Luburovic] Is it possible to establish normal life between Muslims and Croats after Travnik?

[Filipovic] Absolutely, because that is in the interest of both nations. This is substantiated by the profound logic of geopolitical, historical, cultural, and political relations in this region. The principle of cooperation will emerge victorious despite all those who oppose it today—be it Izetbegovic, Boban, Halilovic, Petkovic, or anyone else. The problem is that an attempt to create some sort of Croatian para-state in Bosnia-Herzegovina will absolutely and certainly lead Muslims and Croats to war.

[Luburovic] But is there really an attempt to create a Croatian para-state in Bosnia-Herzegovina?

[Filipovic] Herzeg-Bosnia was nothing other than a para-state. It has its own money, car registration, postage stamps, insignia, organization, university....

[Luburovic] In Austria, for example, every province has its own coat of arms on license plates.

[Filipovic] Yes, but Herzeg-Bosnia is not a province. It was created as a state community, and it behave as one. It collects customs duty, obstructs transit, controls its own military.... If there is a desire to create a separate Croat state on Bosnia-Herzegovina soil, that is an absolute casus belli for the Muslims. No one will be able to prevent that.

[Luburovic] Have not demands to unite the commands of the Bosnia-Herzegovina Army and the HVO [Croatian Defense Council] in fact come from Zagreb, and even from Herzeg-Bosnia?

[Filipovic] Those are ideas, but not the practice.

[Luburovic] You avoid saying that Muslims are acting toward Croats in Zenica and Tuzla just like you allege the Croats in Herzeg-Bosnia are behaving.

[Filipovic] I am absolutely opposed to such behavior. I have publicly criticized Izetbegovic and his government for creating the nucleus of a Muslim state under the guise of an okrug committee. I am opposed to national states. I am for a unified but decentralized Bosnia-Herzegovina.

[Luburovic] What do you think of the Vance-Owen plan?

[Filipovic] That plan is a hybrid. By making concessions to the SDA, HDZ, and SDS [Serbian Democratic Party], Vance and Owen deformed that plan, which now has neither an ethnic nor a nonethnic foundation. I would revise that plan and propose that the borders of the provinces be established by a constitution that is adopted by consensus.

[Luburovic] Is that possible right now?

[Filipovic] It is possible at the point when peace comes.

[Luburovic] And how is peace to be achieved?

[Filipovic] There is war because the provinces are viewed as national territory. But the question of future relations is a question of trust. We must show the Croats that they can trust us, and vice versa.

[Luburovic] But what is the reason for the Muslim offensive against Travnik?

[Filipovic] The reason is certainly not the fact that the provinces are viewed as national territory, but under the condition that we fight against the Serbs together and that Boban's people feed our army and people in central Bosnia and Sarajevo. Especially in terms of logistics. Our

500 truckloads of the most necessary equipment are standing idle in Split, Ploce, Grude, Imotski....

[Luburovic] So where did the Muslims get so much weaponry for the offensive?

[Filipovic] The weaponry was captured.

[Luburovic] And with this captured weaponry they are managing to drive tens of thousands of Croats out of central Bosnia?

[Filipovic] Be a little more cautious in your interpretations of things. The fact is that the people fled. I think that this is very unpleasant and I feel terrible about it, but I think that people were motivated to flee by fear. I do not believe that they had to flee.

[Luburovic] You seriously believe that?

[Filipovic] Come now. I am certain that the Ahmices could never recur on the Muslim side.

[Luburovic] But foreign observers confirm the Muslims' crimes?

[Filipovic] What have they confirmed? Crimes happened, but not mass murders of the population. We have to wait a while with our assessments, because just as I was unwilling to accept that the HVO was committing genocide against Muslims, I also do not accept now that there has been Muslim genocide against the Croats.

[Luburovic] What is your interpretation of the fact that the fleeing Croats have had to move toward Serb positions?

[Filipovic] That is precisely because it was all induced. We will see who all was involved in that.

[Luburovic] Is the conflict between Muslims and Croats not paradoxical, especially since more than 100,000 Muslims who were expelled from and fled Bosnia-Herzegovina have found refuge in Croatia, while Muslim politicians too live calmly in Zagreb?

[Filipovic] It is true that a sort of theater of the absurd is being played out in Bosnia. You must take the root of that drama, which is contained in the Muslim fear of Croat secession, which would transform the Muslims into a closed-off island.

[Luburovic] Why is it that Muslims do not fear Serb secession?

[Filipovic] Excuse me, but that is why we are fighting the Serbs as well. That is why we have lost 250,000 lives. In Gradacac alone, 1,083 Muslim soldiers died, fighting, nota bene, within the framework of a Muslim-Croat defense council. A joint command works there because there is no secessionism, because the people there are rational and normal, are not the aggressive people of Herzegovina, but rather the normal, business-like people of the Sava basin.

[Luburovic] It seems to me that you are generalizing.

[Filipovic] I am not generalizing. It is characteristic that along the Grude-Mostar line the dominant stance is to reject Muslim-Croat cooperation.

[Luburovic] What is your interpretation of the initiative by President Tudjman to pacify the Muslim-Croat conflict?

[Filipovic] The initiative is positive, regardless of the fact that it can also be viewed in terms of international pressure on Croatia.

[Luburovic] Are you in favor of an alliance between Bosnia-Herzegovina and Croatia in order to defeat the Serb aggressor?

[Filipovic] I would very gladly accept an alliance with the Republic of Croatia in order to liquidate the Serb aggressor with our united forces. All our analyses show that in that case we would win the war very quickly. We can also win it if the HVO incorporates its units in the Bosnia-Herzegovina Army. We would simply cut off that Bosnian Serb borderland, but also capture the plateau extending from Vlasic to Banja Luka.

[Luburovic] Would that not be an overextended front?

[Filipovic] No. If we isolate western Bosnia and Knin, the Serbs would be left without adequate personnel and logistical support.

[Luburovic] Would that draw Serbia into the war even more directly?

[Filipovic] Serbia is already directly involved, and in this case it would have to think seriously about peace. It will not seriously consider that as long as it believes that its subsidiaries in Bosnia-Herzegovina and Croatia can do the job.

[Luburovic] Finally, what is your view today of the negotiations that you previously conducted with the Serbian state, because of which you and Adil Zulfikarpasic were accused of plotting with Milosevic to create a third Yugoslavia?

[Filipovic] That was a malicious interpretation. Our move was motivated by the awareness that Bosnia-Herzegovina was not prepared for war, while the Serbs were absolutely prepared for it. At that moment, we went to Izetbegovic and asked him, Is it clear to you that they are preparing for war against us? He then suggested negotiations with Serbia, but he presented it in such a way that we were told to try to negotiate because the Serbs did not trust him. I accepted that and we began negotiating with the Serbs, with the proposal that they recognize Bosnia-Herzegovina sovereignty, while we would recognize some form of Yugoslavia if it included the Croats.

[Luburovic] In other words, you recognize that you were naive?

[Filipovic] Yes, we were naive. We got nine months' time, but the Izetbegovic government did not take advantage of it to prepare Bosnia-Herzegovina for war.

Serbs Claim Croat Forces Continue Attacking Krajina

AU0707162393 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 7 Jul 93

[Excerpts] The Croatian forces are continuing their attacks on the northern Dalmatian front. Danko Peric reports:

[Peric] The communique issued by the Headquarters of the Serbian army in Krajina on the situation on the fronts in the last 24 hours states that the Croatian forces have continued their attacks in several directions on the northern Dalmatian front. They fired antitank guns at the Serb positions in the villages of Cista Mala and Kratkovic in the Skradin region. They also used tanks to attack Bibirska Glava. [passage omitted]

In the course of the day, the air space of the republic of Serbian Krajina was violated 11 times.

Official on Talks With RSK in Geneva

LD0807185693 Zagreb Radio Croatia Network in Serbo-Croatian 1700 GMT 8 Jul 93

[Text] The delegation of the Republic of Croatia has returned from the talks in Geneva with local [Serb Krajina] Serbian authorities in the UN Protected Areas [UNPAs]. The delegation's leader, Slavko Degoricija, said in a statement at Zagreb Airport that the situation is more difficult than ever before. Degoricija said that the Croatian side insists on a previously established agenda. This means that all three sides—representatives of the peace conference, the Croatian side, and Serbian representatives—are supposed to take a stand on the adopted resolutions, especially Resolution 847.

The next item on the agenda was supposed to be the ceasefire terms and conditions, and the third a discussion on the proposed draft agreement on the basis of Resolution 802, with the application of all other resolutions.

Item 4 created a problem, said Degoricija. This item concerned the committee for national minorities and ethnic groups, and a special working body in charge with UNPAs, which is part of the conference. We insisted on this particular agenda, Degoricija added. The Serbian side disagreed with it and we each stood by our own viewpoint. A solution was found in order to save the whole issue: to conduct talks concerning territories in smaller groups—with three deputies on each side, Degoricija said. We agreed on the only thing possible: to prepare for another meeting.

Geert Ahrens and Knut Vollebaek are expected to organize high-level meetings in Zagreb and Belgrade, Slavko Degoricija said on return from the Geneva talks with local Serbian Krajina authorities.

Peace Talks To Resume

AU0907133093 Paris AFP in English 1301 GMT 9 Jul 93

[Text] Geneva, July 9 (AFP)—Peace talks on Krajina, a region in southern Croatia controlled by Serbian separatists, will resume next week between the Croatian Government and Croatian Serbs, a U.N. spokesman said Friday.

International mediators in the talks on the status of this area where Serbs declared independence in 1991 as part of their take-over of almost a quarter of Croatia will meet with Croats in Zagreb Tuesday and with Serbs in Belgrade Thursday.

The parleys will follow a turbulent three-day conference on the Krajina which ended here Thursday.

Thursday Croatian negotiators had turned down a Serbian proposal that a UNPROFOR and Serbian police force be set up in Maslenica, near Zadar, on the Adriatic coast.

Croatian forces won back control of the Maslenica bridge, the vital link between north and south Croatia last January, but the Security Council demanded they leave.

The Serbs, for their part, rejected a proposal by European Community and United Nations mediators Geert Ahrens and Knut Vollebaek that would authorise the U.N. Protection Force (UNPROFOR) to administer the region once the Croatian Army withdraws.

Meanwhile the U.N. spokesman announced that Lord Owen and Thorvald Stoltenberg, the international peace mediators, would return here Friday and Sunday respectively.

Foreign Minister Stresses Existence of RSK

LD0807182093 Belgrade TANJUG in English 1757 GMT 8 Jul 93

["Pool" item]

[Text] Geneva, July 8 (TANJUG)—The republic of Serbian Krajina (RSK) views as unacceptable the draft agreement on the implementation of U.N. Security Council Resolution 802 on a ceasefire and the cessation of hostilities with Croatia because the proposed agreement does not acknowledge the fact that the RSK has existed for three years, RSK Foreign Minister Slobodan Jarcevic has said.

In a statement made after three-day talks on a normalization of relations between the RSK and Croatia in Geneva, Jarcevic said the offered draft agreement reflected the time when the plan of Cyrus Vance, special envoy of the U.N. secretary-general, was adopted and was thereby contrary to the actual situation at this point.

Serbs in Croatia created the RSK after Croatia seceded from the former Yugoslavia because the new Croatian authorities deprived them of their status of a constituent nation and reduced them to a national minority.

On ending bilateral contacts with the conference on the former Yugoslavia officials who are mediating in the talks between the RSK and Croatia, Jarcevic said the RSK delegation accepted the Western European principles contained in the Badinter Commission's report, according to which the international recognition of Croatia or any other states is only a declarative act.

Jarcevic said the respective principles meant that Croatia could not invoke solely its international recognition and on it base its alleged right to the annexation of the RSK, because he said the Badinter Commission, the arbitration commission of the European Community, had taken the stand that an entity becomes a state when its has territory, population and the legislative authority.

The RSK has requested that all documents and the draft agreement on the implementation of U.N. Security Council Resolution 802 be reworded so as to treat both sides as equals, which Jarcevic said was one of the basic conditions for the RSK to accept the document on the ceasefire and the cessation of hostilites.

Jarcevic said the RSK was categorical in its demand that both Croatia's army and police must withdraw from the RSK territories they have occupied. He said the RSK was ready to agree to the deployment of U.N Protection Force (UNPROFOR) troops on condition the RSK police and administration returned to the areas from which Croatia's forces are to withdraw.

The RSK also demands that Croatia place its heavy armament under UNPROFOR control, insisting that the authorities in Zagreb did not respect the peace which was established and guaranteed by the U.N. Croatia carried out aggression on the RSK on January 22 this year and has so far turned a deaf ear to the U.N. Security Council calls for it to withdraw its troops to their initial positions. Moreover, Croatia's President Franjo Tudjman has openly been threatening the RSK with a new war.

Jarcevic said he had urged U.N. Secretary-General Butrus Butrus-Ghali, through the conference on the former Yugoslavia officials, to consider the delimitation of the RSK with Croatia as a way of resolving the issue of a normalization of relations between the two.

RSK Military Warns Against New Aggression

AU0807151893 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 8 Jul 93

[Danko Peric report from Knin]

[Excerpt] The headquarters of the army of the republic of Serbian Krajina has in its possession reliable information that Croatia is preparing a new aggression against the republic of Serbian Krajina [RSK]. It is assessed that this would be a large-scale aggression and that there are several dozens of recently mobilized brigades of the Croat Army concentrated on several roads leading to the Serbian Krajina.

If there is a new attack, we will respond with all available forces and means against the aggressor, and the most sensitive military targets throughout the Republic of Croatia. If the Croat Army decides to go ahead with the aggression, it will be its last adventure. This is the message issued to the public last night by the headquarters of the republic of Serbian Krajina's army. [passage omitted]

Granic Meets Iranian Deputy Foreign Minister

LD0807191993 Zagreb Radio Croatia Network in Serbo-Croatian 1700 GMT 8 Jul 93

[Text] Mate Granic, Croatia's deputy prime minister and foreign minister, has received Iran's Deputy Foreign Minister Mahmud Va'ezi, ahead of the imminent session of the countries of the Organization of Islamic Conference in Islamabad.

They discussed the situation in Croatia and Bosnia-Herzegovina, and relations between Croatia and Iran. Granic stressed that Croatia supports the principles of the London conference and will try to integrate the areas currently under the protection of the United Nations into its constitutional and legal system by peaceful means, with the help of UN mechanisms. Granic reiterated that Croatia supports the territorial integrity and unity of the Republic of Bosnia-Herzegovina, and that an agreement on an internal establishment must be reached through a consent of the three constituent nations of that neighboring country.

Va'ezi confirmed that Iran's stand on solving the Bosnia-Herzegovina crisis on the principle of integrity are the same. He described as very successful the visit by the Iranian Majles speaker to Croatia several months ago. He also expressed the hope that some of the economic agreements signed on that occasion would start being materialized.

Granic on Principles of Country's Foreign Policy

AU0807144393 Zagreb VJESNIK in Serbo-Croatian 30 Jun 93 p 3

[Unattributed report on the concluding statement by Dr. Mate Granic, foreign minister of the Republic of Croatia, in the Croatian Parliament; date not given: "Great Powers Want Consensus in Bosnia-Herzegovina"]

[Excerpt] "The existing attitudes of the great powers regarding the future of Bosnia-Herzegovina are clear: Three communities must find a solution through consensus. As for Croatia, the territorial integrity of our state is unquestionable, while the Republic of Croatia is not going to tolerate the status quo for too long, because that would be disastrous

for it. The great powers agree that Bosnia-Herzegovina must remain a member-country of the United Nations, that the borders must not change, that three ethnic communities must agree upon territory, that the absolute freedom of communications is necessary, while Bosnia-Herzegovina must be organized as a federation or confederation in accordance with the agreement reached by three ethnic communities.

The international community will monitor the implementation of human rights, while no side will be authorized to sign international contracts alone. It is quite certain that the international community will exert pressure on the representatives of the three peoples to accept the concept, which means on the Serbs, but also on the Croats in Bosnia-Herzegovina, and to be as compliant as they can with regard to Muslim demands.

Any normalization of relations with Serbia is unacceptable until Serbia recognizes Croatia in its internationally recognized borders, while any trade of territory is also out of the question.

The Geneva negotiations were initiated by Lord Owen, but no talks between Tudjman and Milosevic took place prior to the negotiations, and nobody came to Geneva with any Croat-Serb proposal."

These are the highlights of the concluding statement by Dr. Mate Granic, Croatian foreign minister, after an extensive and, at moments, very polemical debate about Croatian foreign policy at the session of the Croatian Parliament. The session was held in two rounds—last week and on Tuesday.

Granic reminded us of the basic principles of Croatian foreign policy, which were quite firmly determined at the very beginning in accordance with the major principle: To accomplish a sovereign, completely free, democratic, and European Croatia. Reminding the representatives in the Parliament of the start of the Serbian aggression on Croatia aiming at the accomplishment of a greater Serbia, Granic warned once more that the question of whether or not the war could have been evaded is quite groundless, because the answer is clear: No.

The minister sent a message to all those who question the Vance plan: They must not forget that the plan was signed during the most severe Serbian aggression against Croatia. One goal is achieved—the heavy artillery has been pulled out of Croatia. Unfortunately, all other goals—for instance, the disarmament of paramilitary Serbian formations, the return of the refugees, or the insurance of borders—have not been reached, and, for that reason, President Tudjman stated in his letter to Butrus Butrus-Ghali that the extension of the UNPROFOR mandate could be accepted for a month at the most, during which the Serbs must accept the Vance plan.

According to Granic, in the next 48 hours the UN Security Council will discuss the issue and make a decision, taking the Croatian attitude into consideration. Tudjman's letter stated the very firm attitudes of the Croatian republic. Croatia offers Serbs all the minority, civil, and all other rights and institutions of their own authority. It is ready to reestablish communications, beginning with railways, oil pipelines, postal services, telephone and telegraph communications, but still, for Croatia, the basic goal is the return of refugees.

Granic also paid attention to Croatian policy toward Bosnia-Herzegovina. The international community did not find either a way or the will to stop the Serbian aggression. In order for the Vance-Owen plan to be implemented, which is accepted by the Croats in Bosnia-Herzegovina and supported by Croatia, one should have sent 70,000 troops, but international consensus upon that issue failed to come about.

As for the Croats in Bosnia-Herzegovina, 34 to 35 percent, that is 250,000 Croats, were displaced. "What did remain, and what other policy could the Croats have pursued in Bosnia-Herzegovina?" Granic asked, while the question was obviously addressed to some of the representatives. To name names, Granic addressed Vladimir Bebic, saying that all three factions are not equally responsible for the situation in Bosnia-Herzegovina, nor did the Croatian people commit any genocide. To those who reproached the Croatian foreign policy strategists that their job has not been quite clear-cut, Granic promised that the Foreign Ministry will try to pursue as much perceptible foreign policy as possible. [passage omitted]

Tudjman Gives Monthly News Conference

LD0507173293 Zagreb Radio Croatia Network in Serbo-Croatian 1000 GMT 5 Jul 93

[Monthly news conference given by President Franjo Tudjman in Zagreb—live]

[Text] [Studio announcer] We are awaiting the beginning of a live relay of a regular monthly news conference given by Croatian President Dr. Franjo Tudjman. This news conference is given on the first Monday of each month; this time it comes after turbulent events which have taken place in the world and in our country in connection with the future of Croatia, and we believe that journalists' questions will deal with these issues.

[News conference moderator] Ladies and gentlemen, I would like to open the news conference given by Croatian President Dr. Franjo Tudjman. You can start asking questions.

[Bunjevac-Filipovic] Mrs. Bunjevac-Filipovic of Croatian television. Mr. President, a meeting was scheduled to take place in Geneva this week in connection with the resumption of talks on the Bosnia-Herzegovina crisis. Why were the talks cancelled, when can they be expected to resume, and will you take part in them? And if you allow me another question, what has happened

with a meeting, i.e. talks between the Croatian Government and Serb representatives from the occupied areas? Thank you very much.

[Tudjman] I think that the talks between representatives of the Croatian Government and the local Serbs will continue; As far as talks and negotiations on the Bosnia-Herzegovina crisis are concerned, I cannot tell you anything for the time being. This matter is in the hands of the cochairmen of the conference on former Yugoslavia, who, as you know, had a meeting of the steering committee last week. However, it seems that they themselves are still looking into what they are going to do next.

[Sabljakovic] Anka Sabljakovic of VJESNIK. Mr. President, how do you comment on the rejection by the Bosnian Serbs of the deployment of UN observers along the borders between Serbia and Bosnia-Herzegovina? Another question: Momcilo Krajisnik goes even further—speaking about the division of Bosnia he also said that they are ready to swap certain areas so that Serbia should get access to the sea. He mentioned an area between the Montenegrin border and Cilipi. Please give your comments.

[Tudjman] Bosnian Serbs obviously have the strength to behave as they are. Since the international community has not taken any concrete steps to curb and stop their aggression they are still implementing their policy.

As regards the second question, at one of the meetings, at some of the meetings this was discussed. First, that they would like to have access to the sea in that area, and in return they would be ready to give an area which would guarantee the safety of Dubrovnik. Obviously, we said that we did not want to discuss any form of territorial swaps, but that we were ready to examine every question within the framework of the general resolution of the crisis on the territory of former Yugoslavia and the safety of the Croatian state. Naturally, the safety of Dubrovnik in the narrow strip of territory is, as you know, of paramount importance for Croatia. If that is the issue, Croatia will have to decide whether the safety of Dubrovnik is of greater importance and how it would be secured, or whether the tip of Prevlaka is more imprtant. Therefore, that is something that can be comprehensively examined in a definitive resolution of the crisis of UN-protected areas in Croatia, from Knin and Baranja to eastern Slavonija and Vukovar, and in the definitive resolution of border problems in the extreme south of Croatia. Never will these issues or any other issues be discussed as territorial swaps.

[Leric] Luka Leric. Mr. President, could you give an explanation for that. Does that mean that Croatia would accept certain territorial concessions or something else? This does not appear to be completely clear. Thank you.

[Tudjman] To make it perfectly clear I will say: If Croatia got more favorable territorial concessions for itself than it was asked to give, then it would be prepared to negotiate. As I mentioned, the Serb side said that it understood Croatia's interest in such a territorial solution which would grant security to Dubrovnik, given that there is a very narrow strip of Croatian territory around Dubrovnik and that Dubrovnik was exposed to aggression, as you know, and that it has recently been also exposed to attacks. Therefore, Croatia will never accept anything that would in any respect encroach upon its interests. On the contrary, Croatia has a moral right and strength and will also have support from the international community, for which proof exists in all UN Security Council resolutions, to secure its interests.

[Judah, in English] Tim Judah from THE TIMES of London. Since you are now talking about possible territorial concessions and swaps down in the Dubrovnik area ... [fades into Serbo-Croatian summary of question] The foreign journalist is putting a question regarding possible territorial concessions in connection with Dubrovnik. He has learned that there is talk in Belgrade that Croatia would swap something for Krajina.

[Tudjman] There is no flexibility on the Croatian side, nor have there been any talks on territorial concessions or compromises for any inch of what you call Krajina, from Knin to eastern Slavonija. Croatia has been and still is for the normalization of relations with the Serbs in Croatia in the sense that they should recognize the sovereign Croatian Government, that the constitutional and legal order of Croatia should be established on the entire territory of the Republic of Croatia. As regards the normalization of relations with Serbia, this should be done on the basis of mutual recognition within the internationally recognized borders.

[Mudric] Sanja Mudric, NOVI LIST. Mr. President, as we saw over the past few days Karadzic's armada was destroying the last remnants of Sarajevo. Zadar and Biograd were again bombarded yesterday, while foreign mass media, as we saw in "Picture versus Picture" [Croatian television program] yesterday and learned from other sources, speak about the setting up of a new alliance between Croats and Serbs in Bosnia-Herzegovina. Namely, they speak about the joint fight of Serb and Croat units against the Musims. Please say if you know anything about it and how would you comment on that?

[Tudjman] I did not watch the Picture versus Picture program that you mention, but unfortunately, in Bosnia-Herzegovina, after the Serbs had carried out ethnic cleansing of the Muslim population in the occupied areas, some conflicts occurred. I read—I do not know whether they broadcast it in that program—I read orders by commanders of Muslim units for the ethnic cleansing of the Croat population in the areas of central Bosnia and in those provinces which were envisaged to be Croat-majority provinces, in Travnik and Mostar provinces. That is what is really worrying and what is bringing into question the cooperation that has so far existed.

Actually, there is no cooperation between the Croats and Muslims any longer in their joint defense against the Serb aggressor. Unfortunately, the topical issue in Bosnia-Herzegovina now is the fighting which erupted between the Croats and the Muslims, who took what I deem a suicidal action against the Croat population and units of the Croatian Defense Council [HVO], who had been their allies. At the beginning of the war HVO units actually managed to prevent the whole of Bosnia-Herzegovina from falling into the hands of the Serb aggression, Greater Serbia or Yugoslavia. Therefore, the current attacks that the Muslim units have been launching are difficult to understand. They are, as I said in my Assembly address, partly an expression of distrust between the Muslim and local Croatian leaderships, but there are in them also elements of a scenario which, following the monstrous conflict and ethnic cleansing by the Serbian army, aims at inciting the same type of conflict between the Muslims and Croats, which ultimately leads to—I would almost say—the elimination of the Muslim role, the role that they had and wanted to have in Bosnia-Herzegovina when they insisted on Bosnia-Herzegovina as a unitary state, a civilian state, obviously aspiring toward the creation of some kind of Islamic state there.

These conflicts show that such fears were justified. We all know that there are five, actually five kinds of Muslim armies there; two of them were under the command of the Bosnia-Herzegovina Army. Three were of purely military nature, sorry, of purely religious nature. Who is in command, what is the command structure is difficult to establish in the Bosnian quagmire.

In every case this is tragic, it is tragic for the people who are suffering there. According to reports that we have received, more than 100,000 Croats have been evicted and are already refugees in Croatia or are still in the threatened areas of Bosnia-Herzegovina. It is tragic for the care for people there [as heard], and for Croat-Muslim relations, and reduces the chances of resolving the crisis.

Such a development even calls into question the last proposal for the solution of the Bosnia-Herzegovina crisis within the modified Vance-Owen plan. All in all, not only the Croatian public but official Croatia as well have reacted to such developments with surprise and indignation. We have also repeatedly called on the Croatian leadership in Bosnia-Herzegovina to try to stop the war, and also to provide protection of the Croatian population, but we also called on the Muslim leadership to finally do something that it has constantly been promising to do, but has not done anything; on the contrary, increasingly fierce and dangerous conflicts between the Muslims and Croats have been in progress.

It is clear that the Croats in Bosnia-Herzegovina must preserve their homes, their right to remain in their homes and that Croatia is interested for geopolitical and strategic reasons in further development of the situation in Bosnia-Herzegovina, lest the Dalmatian part of Croatia between Split and Dubrovnik be endangered.

We have to devote the most attention to these developments, but they also have additional consequences. From all Croatian places where Bosnian refugees are accommodated, I have been receiving warning appeals and even demands to do something, saying that the Croatian population is upset and indignant at the fact that the Croatian state is providing aid to refugees, predominantly Muslim refugees from Bosnia-Herzegovina, while the local Muslims, the Muslim leadership and Muslim units are waging a war against the Croat people in Bosnia-Herzegovina. This is what is particularly worrying; if the Muslim leadership does not take real steps to stop that war, to stop the ethnic cleansing of the Croats in central Bosnia, to stop the occupation of territories envisaged by the Vance-Owen plan to be the Travnik and Mostar provinces, we will have to take countermeasures, even in connection with the physical protection of the Muslim refugees who are currently in Croatia. The Muslim leadership in Sarajevo is not aware of that, since they are allowing the development of the situation in this direction, of which we are eyewitnesses.

[Mudric] Mudric, YOMIURI SHIMBUN. Mr. President, in less than a week you had two lengthy meetings with the new U.S. ambassador to Croatia. The leading Croatian daily, in the period of only one week, carried extensive interviews with the U.S. ambassadors to Bosnia-Herzegovina and Croatia. On the basis of all that, can you detect a change in U.S. policy toward Croatia, and how do you assess that policy today? Thank you.

[Tudjman] The very arrival of the U.S. ambassador in Zagreb is of great importance. After all, that is the first ambassador appointed by President Clinton. As you know, another person was appointed as ambassador before by President Bush's administration, while the new administration of President Clinton appointed Mr. Galbraith. His arrival means that the ambassador of the world superpower has finally arrived in Zagreb, and this fact by itself is of great importance. We attach particular importance to the fact that Mr. Ambassador, when presenting his credentials, expressed a clear stand of the U.S. administration that the United States not only respects our territorial integrity, but will on its part support efforts to restore the constitutional and legal order of Croatia in all areas. For Croatia that is of great importance, because, as it is well known, the United States, as the main world superpower and within the framework of the United Nations, obviously has such an important say that such a stand is very important and useful for us.

[Ramljak] Olga Ramljak from SLOBODNA DALMACIJA. The latest Security Council resolution was hailed in Croatia as a great success for Croatian diplomacy. What will change in one month? Implementation of the resolution has already started. The new mandate has started.

In the meantime, Trebinje, that is a hydroelectric station, is without water due to the part belonging to the Serbs [as heard] How can this then be a great success for this resolution, when the Croatian population has not benefited from it? Will something be changed after the one-month period expires?

[Tudjman] Your question is appropriate, but you have forgotten something. It was in this very period that Dubrovnik reopened the water supply to Herceg Novi and that the water supply for the Dubrovnik hydroelectric power station was restored. And then it was cut off. So as you can see, the process of normalization is very complex. It does not depend only, and it will never depend only on Security Council resolutions, and its implementation will depend, or will be obstructed, or it will be accepted somewhere in some areas by both political and military representatives, and somewhere it will be rejected [as heard].

Nevertheless, the resolution is of great importance. As you know, the resolution incorporates a letter by the president of the Republic of Croatia. The resolution not only respects the territorial integrity of Croatia, but also mentions steps needed for the normalization of relations. So, it speaks about the normalization of road and rail transport. It also mentions power lines and oil lines, and so on. So, this gives the right to Croatia and it obliges the UN Protection Force [UNPROFOR] to act in this way, and it obviously calls on the Serb side—both in Knin and Belgrade—to think seriously about this, because unless they agree to resolve these issues, then Croatia will consider what to do next. Croatia has already said it will not agree to a further extension of the UNPROFOR mandate unless the Vance plan is implemented. So this is a new situation.

I can reiterate what I said in Split yesterday, that we will open a Maslenica pontoon bridge and Zadar airport within the next two weeks at most, and that we will have support for this from international factors, including UNPROFOR, and that we will not have to take alone measures aimed at securing these initial needs of ours.

Clearly, we will not stop at this, but, in the spirit of this resolution 847, we will make demands and prepare for a further normalization of transport links and resolution of other issues, such as power lines and oil lines, in which central European countries are interested, countries which have also sent a demand to the Security Council, which provides support for Croatia's aspirations to normalize the whole of life in the area.

So, the resolution should not be seen as if it did not happen [as heard]. For our part, we have been ready to take on board suggestions and initiatives of European countries and even the United States, when they said we should try to solve all issues by peaceful means because of the justified anxiety of European countries and the United States that a war solution would lead to wider war complications in the region.

Naturally, I have reiterated not just once, but also this time too that we will not agree to Croatia being broken up in terms of transport and economic integration. The resolution gives us the international legal foundation, and I would say, it ensures a greater cooperation of international factors, so that these issues in Croatia are resolved in a favorable way.

[Unidentified correspondent] You have said that you received many letters and demands from Croats in Bosnia-Herzegovina. Journalists have also received many letters. The issue of treason, of territorial swaps keeps being raised. People are not informed well enough. What has Croatia done to help the Croats, and what is it that Croatia as a state can do in another country? There have been many accusations against the Croatian Government. Are there any grounds for these accusations?

And my second question, if you can answer it: During the Assembly discussion of foreign policy, no one mentioned talks which would deal with certain territorial swaps, regardless of how favorable they might be for Croatia. What will the legal procedure be for these swaps, if they materialize? Thank you.

[Tudjman] Primarily, as far as the Croatian people, the Croatian nation in Bosnia-Herzegovina are concerned, we have done everything possible. Obviously, we could not go beyond possibilities that would jeopardize the interests of the Republic of Croatia. But I think that we have managed to achieve all that is possible in that context.

Primarily by providing extensive assistance to the Croatian population in Bosnia-Herzegovina, we have at the beginning [of the war in Bosnia] enabled Bosnia-Herzegovina to fight off the attempts to be wholly integrated into greater Serbia. Further, through these military successes and through political and diplomatic negotiations, we have managed to have the Vance-Owen plan providing for provinces in which the Croatian nation would have proportionate majority rule, and therefore autonomy. This territory satisfies Croatian interests—taking into consideration the situation in Bosnia-Herzegovina—as well as the strategic interests of the Republic of Croatia.

Concerning the Croatian people in other provinces—there is talk now of republics [within Bosnia-Herzegovina] as well—we tried to ensure, and the constitutional principles in the Vance-Owen plan guarantee this, that members of all nations who remain in other provinces, or in another of the three parts, as they are being spoken of now, enjoy full civil and ethnic rights on the basis of reciprocity. This is the maximum which we could achieve, and this is satisfactory from the point of view of the Croat nation.

This has recently been affected by the latest Muslim offensive, which in fact undermines both of these principles: the principle of observing the territorial division, and the principle of respecting the existence of the Croat population and its rights in central Bosnia. I discussed

these issues with civilian representatives and political representatives of the Croats in Bosnia-Herzegovina, and also with religious leaders, Archbishop Puljic, Bishop Komarica, and Bishop Peric.

Therefore, on the part of Croatia, we have done everything possible to offer assistance to the Croats in Bosnia-Herzegovina. I can even tell you that we have sent certain aid to the Croats in the Banja Luka bishopric so that they could survive there. This was provided through the mediation of Bishop Komarica. It seems to me that with everything we have achieved so far in the defense of Croatian territories in which Croats were in the majority, and in political and diplomatic talks, we have secured the interests of the Croatian population in Bosnia-Herzegovina, as well as the strategic interests of the Croatian state.

Unfortunately, fighting is now in progress between Muslim units and units of the HVO which are defending certain areas allocated to the Croats in the Vance-Owen plan and the survival of the Croat population in central Bosnia, about which I spoke in reply to your earlier questions. I hope that in this respect events will develop in such a way that Croat interests are not put in final jeopardy.

[Todorovski] Ilinka Todorovski, Slovene radio and television. Please give us your assessment of the latest developments in Slovene-Croatian relations between two events—last week's protest letter from Ljubljana to Zagreb over the brewery in Buzet, and the announced meeting between the two countries' prime ministers.

[Tudjman] I cannot give you any details on this, because I am not familiar with the brewery issue. We, on our side, are trying to resolve all problems in our relations with Slovenia through mutual consent, on the basis of the recognition of bilateral interests. We have done, and will continue to do, everything in order for Slovene-Croatian relations to become an example to all states created on the territory of former Yugoslavia, that is, to follow the example of West Europe in every sense.

As you know, I myself have proposed that border crossings between Croatia and Slovenia should not be separated but that we should have joint checkpoints. Unfortunately, this was not accepted, primarily by the Slovene side. Likewise, it is perplexing why the Slovenes are not showing more inclination toward resolving issues of importance to the Croatian people as soon as possible. I have been asked questions to this effect, for instance, how long is Croatia going to tolerate Slovenia's occupation of Sveta Gera, although it is clear that this is Croatian territory. On the other hand, they want us to make concessions in the case of the Bay of Piran and give up Croatia's obvious rights.

As we have already proclaimed in certain statements issued by the government and the Defense and National Security Council, we are ready to resolve all issues in our relations with Slovenia bearing in mind Slovenia's interests, and to show understanding for Slovenia's claims, but, likewise, we demand that Croatian interests be respected as well. Therefore, if they wish Croatia to show understanding in the case of the Bay of Piran, then the Slovene side should take into account Croatia's interest in linking up with Europe via Maribor and Sentilj.

I am nevertheless convinced that all these disputed issues will be resolved in the near future.

[Unidentified correspondent] Mr. President, The World Congress of the Croatian Diaspora lasted three days in Zagreb. Croatian emigrants are ready to help their homeland and have confirmed this by voting in favor of contributions for the electrification of the Adriatic islands. However, they also voiced many remarks concerning the information they were receiving, certain moves by the Croatian authorities, etc. In your opinion, how forthcoming will Croatia be to emigrants in the future regarding timely information, their investments, the political situation, and so on?

[Tudjman] We are very satisfied with the holding and outcome of the first World Congress of the Croatian Diaspora in Zagreb. Especially because there had been certain attempts to organize this diaspora in a way contrary to the interests of Croatia's democracy and the Croatian state. These attempts were related to the holding of last year's elections and endeavors to establish a different authority in Croatia. I am taking advantage of this opportunity to point out that the Croatian diaspora made a great contribution to the victory of democracy in Croatia, to the war for the homeland, and that the Croatian diaspora is interested in the realization of Croatia's economic transformation.

I can also say that, in this respect, we managed to accomplish many things. The Croatian diaspora is involved in the development of a democratic Croatia, we have ministers and ambassadors in our government from the ranks of the Croatian diaspora, and we also have businessmen who have assumed an active role in activities related to our economy. However, we still have certain problems—there is resistance in some circles to the return of immigrants, but, as far as information is concerned, for God's sake, we are facing the same problems as usual. This is a young state without diplomatic experience, without possibilities to act directly in all parts of the world where the diaspora can be found—from Canada and the United States to Australia, from South America to South Africa and, so to speak, to the North Pole, because there are Croats allegedly temporarily working in all European countries, including the remote northern reaches of the Scandinavian countries.

Although this was not so easy to resolve, this congress will help solve these issues more successfully, it will contribute to providing the diaspora with better information and facts on how they can become involved in the transformation of Croatia's economy. It is clear that we welcome their decision to take the initiative and

perform activities aimed at resolving such vital issues as linking up of Croatia's power network from northern Croatia to Dalmatia.

I believe that we can be extremely satisfied. Unfortunately, other state activities prevented me from taking part in the work of this congress, but I did receive them here. It was a very moving moment—I met people whom I had encountered throughout the world from 1987-8 onwards, who came from the United States, Canada, and European countries, many of them had visited the country before, although a considerable number were visiting the homeland for the first time in 40 or 50 years. These people could not conceal their emotions over the fact that they found themselves in the capital of a sovereign, independent Croatia and in the presidential palace of the Croatian head of state.

I believe that these feelings, inspired by the reunion of Croatia and its diaspora, are not hollow, merely emotional—they have a profound significance and will result in mutual benefits, both for Croatia and these people scattered all over the world. Some of them, not only elderly people but also the youngest—several young people who were born abroad expressed the wish to return to the land of their ancestors.

[Unidentified correspondent] Mr. President, you did not answer my last question. If territorial swaps are embarked upon, starting with Piran to Prevlaka, what will be the legal form for such dealings, since we heard for the first time today that this idea has seriously been considered?

[Tudjman] Yes, madam, I have already answered your question and therefore I did not give a reply now. It is not true that we are seriously considering that, but this idea was raised by the Serbian side. As I said earlier, they would be inclined to give territorial concessions granting the safety of Dubrovnik, and as you yourselves saw, they put forward a demand to get territory east of Cilipi as regards Prevlaka. We said that we can talk about that within the framework of a general solution, a general normalization of relations. As for which legal form will be used, I do not know. It will be the one that is necessary.

[Judah, in English] Tim Judah from THE TIMES again. Earlier on you said that since the Muslims are waging a war against Croats and ethnically cleansing them, that the Muslim leadership should take account of their refugees here ... [fading into summary of question in Serbo-Croatian] Here is THE TIMES journalist again. He reminds President Tudjman that he said before that if the Bosnia-Herzegovina Croats continue to be ethnically cleansed, the Croatian state would consider the status of Muslims who fled to Croatia. He is asking whether President Tudjman has any concrete assessments about this at a time when the ethnic cleansing of Croats in central Bosnia is continuing.

[Tudjman] The problem is as follows: We still have Muslim refugees in hotels. We decided earlier on to move Muslim refugees, but also Croatian refugees and displaced people, out of hotels in order to help our tourist industry. Now, in the light of the latest developments regarding clashes between Muslims and Croats in Bosnia-Herzegovina, this issue has become even more pressing. Hence, we will have to think carefully how to accommodate the Muslim refugees, also because of the reasons of their safety since the mood is changing and there are even incidents in some places.

Regarding your other question, I am not briefed in detail about this. I know that this problem exists, that some officers and commanders in connection with this, but I do not have any details about this, so I cannot say anything more specifically about this.

[Judah, in English] Would you consider expelling a number of refugees from Croatia, not just moving them within Croatia. Would you consider not just ...

[Tudjman, interrupting] So far we are preoccupied with what I have said. Naturally, if that war were to continue as it started, that is, if attempts were made to ethnically cleanse the Croat population not just in central Bosnia, if Muslims were to try—as some are hinting—to secure access to the sea and to capture Ploce, then, naturally, the Croatian Government would have to undertake other steps too.

[Skugor] Smiljana Skugor, HINA. Mr. President, let us talk a little bit about economic issues. The Croatian government has been in office for the first 100 days. How do you view the work of the government headed by Prime Minister Valentic? Are you satisfied? Thank you.

[Tudjman] Well, Mr Valentic's government has continued implementing the stabilization program adopted by the previous, Mr. Sarinic's government. Of course, new trends have appeared in that period, from the point of view of Croatia's international position, but the fuss caused about Croatia facing sanctions and not having any credibility in international loan institutions is completely unfounded. Of course, loans have been blocked in certain ways, as a way of exerting pressure on Croatian policy, which is in a way proof that Croatia's policies work in the interests of Croatia's sovereignty, and that it does not fall under any kind of foreign influence.

However, at the same time—I also mentioned this in Split yesterday—at the same time, economic relations with the world have improved, Croatia's financial position in the world is stable, and in the future there will be many more agreements on financial relations, which of course facilitates the work of Valentic's government in solving economic issues. I think that Prime Minister Valentic has already indicated that the government is preparing—within the framework of implementing the stabilization program, the agreed policy—steps which would lead toward bringing the inflation rate down to a single digit, and therefore, toward the introduction of a stable, new Croatian currency, which will be a huge step forward in solving Croatia's economic problems.

However, it is very interesting that even newspapers have been writing in a one-sided manner only about weaknesses, about low salaries—which is certainly correct. But I have had the opportunity to talk with foreign businessmen and diplomats and they all say that despite the consequences of the war, the situation in Croatia is much better than in all other post-communist countries; not only regarding the stability of the democratic system, but also regarding living standards and salaries. These successes should be [pauses], the ship which was launched yesterday [in Split] was ordered during the war in 1991 and it was completed through Croatia's financial potentials, and also through foreign loans. Average salaries in the Split shipyard are over 200 German marks. The average salary in Zadar's Tankerska Plovidba [shipping company], for which the ship was made, is more than 800 marks. Let me not quote managerial salaries. There are hundreds of firms like this, which have already achieved a satisfactory level of development in the technological and production sense, and therefore in the sense of providing certain standards of living for their staff.

Considering the situation in which Croatia has found itself and the need for the Croatian nation to be united in order to complete the tasks and efforts ahead of us, and in view of the necessity to liberate the UN-protected areas and overcome all remnants of the old regime, it is much more important that the Croatian man, all Croatian citizens, be mobilized in positive experiences, efforts, and results, than to put too much emphasis on the phenomena which we must get rid of and not write about the phenomena which have not been proved.

We must, we have indicated at a government session over which I presided that we will resolutely fight all types of crime and all abuses in the process of [ownership] transformation. We have seen that these so-called managerial loans, which are being reexamined now, account for only one or two percent in the overall problem of the transformation.

Besides, in the sphere of economic reconstruction there are remnants of the old socialist and self-managing frame of mind. I have received letters from entire branches of trade unions from certain towns protesting against individuals approaching the problem of firms on the basis of private ownership. If we opted for free market and free economy, how can we then preserve socialist laws and views? Of course, we want to and must ensure that Croatia is not only a democratic state, but also a welfare state, but we cannot achieve this though the old concepts of Stalinist or even self-managing socialism. I am of course not one of those people who believe that everything from the so-called socialist system should be rejected. But, of course, we must build the new society, the democratic, politically multiparty society and the free market society on the basis of generally known principles of the free world, and we must not in any way be enslaved by old legal concepts and decrees, and certainly not by the remnants of concepts in the heads of those who for various reasons cannot rid themselves of the old, Bolshevik and self-managing socialist views on various problems in society, and production itself.

[Cosic] Marin Cosic, Brazilian Radio. Mr. President, has the bombardment of the Croatian coastal towns become a regular situation which Croatia tolerates? And let me make a link with a previous question by a colleague: Why does the Croatian prime minister not hold news conferences, as his predecessors did, but instead addresses the public in the form of interviews, that is statements [as heard]? Thank you.

[Tudjman] Croatia has not and will not tolerate [the bombardment] but will, on the contrary, take steps to put an end to this situation, not only to the bombardment but also to disturbing Croatian people and inflicting fresh casualties. For this reason we made the demand—saying that we do not agree with the simple extension of the UNPROFOR mandate—for either the peacekeeping forces to gain powers and force the implementation of the Vance plan, that is, to have the area brought back into the constitutional system of Croatia, to have them [as heard] disarmed, etc, or we will do it ourselves.

I have already partly answered your question: If we are going to restart air traffic with Zadar in the next two weeks, start the traffic over Maslenica [bridge], then it is only the first step, indicating that we will go further, and I hope that we will manage to resolve it with the help of the international community, peacekeeping forces, so that the extremist Serbs, who have been putting up resistance so far, will be forced, if not by political means then we will have to use other means, let me repeat [sentence as heard].

Croatia, not only for political but for economic reasons, and not only for Croatian but also for European reasons, has the need and right to establish constitutional and legal order on the whole of its territory in order to have western and eastern Croatia linked, and the southern and northern parts, and to have Croatia linked with Europe and the world. And we will do it.

Regarding your second question, can you be so kind as to address the prime minister. Why does he not address the public through press conferences? I really have not talked to him about this.

[Unidentified correspondent] Mr. President, I would like to hear about Croats in Vojvodina. You had meetings. A delegation of the Vojvodina Croats was visiting Croatia. It seems that they are in quite a predicament. You talk about the protection of Croats in Bosnia, but it looks as if Croats in Vojvodina face a lot of problems. Could you, please, make a brief comment on this and tell us what you discussed? Thank you.

[Tudjman] I do not speak just about the protection of Croats in Bosnia. I speak about the protection of Croats within the framework of the problems and the crisis in Bosnia-Herzegovina. But no international conference or meeting with Belgrade representatives has been held without me raising this issue. I stressed that they had no

right to demand the status of some Herrenvolk [uses German word] and at the same time to forget, and not just forget the Croats in Serbia—and there were nearly 10,000 Croats in Kosovo who have most likely been expelled, and there are nearly 150,000 Croats in Belgrade and Vojvodina, and some, especially in western Srem and some areas of Backa, were forced to move to Croatia under political and moral pressure and without receiving adequate compensations.

According to our information, between 35-40,000 Croats have been expelled to Croatia, and also to Hungary. You could have noticed that in the course of my talks with a group of Serbs from Croatia, I also mentioned that when raising demands for the Serbian question in Croatia to be resolved, they must bear in mind that this resolution can be in line with our stands and commitments on the highest level of recognition of the civil and ethnic rights of the Serbian community and any other national minority, but that likewise, we make a reciprocal demand regarding the Croatian population in Serbia, that is, Vojvodina [as heard].

So, on our part, we take this into account at international conferences and in direct talks, and we never forget this. We are duty-bound to do this by constitutional provisions.

[Unidentified correspondent] Some claim, some say that an agreement on voluntary resettlement of people has been signed between Croatia and Slovenia, and they mean here the Vojvodina Croats.

[Moderator] You mean Serbia.

[Correspondent] Of course, I mean Serbia.

[Tudjman] No agreement on this has been reached or signed. But, in the course of talks between representatives of Serbia, including with former President Cosic and Milosevic, and a Croatian delegation, we discussed this— and a statement was even issued—that, within the framework of a comprehensive solution to the problem of the normalization of relations between Croatia and Serbia, voluntary resettlement should be allowed precisely in order to prevent forcible movement and expulsion. We discussed this and this is not a secret agreement. This is nothing more than political willingness and humanitarian willingness to prevent expulsions, to prevent evictions, and to allow those from Knin, Baranja, or Vukovar who do not want to accept the Croatian authority to move out, and, likewise, to allow Croats not to flee with nothing in their hands, but to get compensations for their property.

We are witnessing mass expulsions, ethnic cleansing. In order to prevent this and to enable a political solution and a human solution to individual family problems, we have talked about this with the aim of finding a solution to the problem of the normalization of the relations as a way out of the war, as a way to create preconditions for a permanent peace in this part of the world.

[Moderator] This is the end of the press conference. Goodbye.

Federal

Owen, Stoltenberg Start Talks With Milosevic

LD0807193493 Belgrade TANJUG Domestic Service in Serbo-Croatian 1847 GMT 8 Jul 93

[Text] Belgrade, 8 Jul (TANJUG)—Talks have started in Belgrade between Lord Owen and Thorvald Stoltenberg, the cochairmen of the conference on former Yugoslavia, and Serbian President Slobodan Milosevic.

The talks are being held behind closed doors and the main theme is the crisis in Bosnia-Herzegovina, TANJUG has learned.

Radovan Karadzic and Nikola Koljevic, president and vice president of the Serb republic, as well as Momcilo Krajisnik, president of the Serb republic assembly, subsequently joined the talks.

Milosevic, Owen 'on Verge of Final Solution'

LD0807215093 Belgrade TANJUG Domestic Service in Serbo-Croatian 2026 GMT 8 Jul 93

[Text] Belgrade, 8 Jul (TANJUG)—"We are on the verge of finding a final solution to the Bosnian crisis," Serbian President Slobodan Milosevic said this evening following the first round of talks with David Owen and Thorvald Stoltenberg, cochairmen of the conference on former Yugoslavia, who arrived in Belgrade around noon.

"We believe that the conference on resolving the crisis in former Yugoslavia has a very constructive trend," Milosevic told numerous domestic and foreign journalists, stressing that "we are beyond doubt continuing on the road to peace."

Talks between Serbian President Slobodan Milosevic and cochairmen David Owen and Thorvald Stoltenberg lasted more than three hours, and they continued late this evening.

During this evening the talks have also been attended by [Federal] Foreign Minister Vladislav Jovanovic, Serbian republic president Radovan Karadzic, Serbian republic assembly president Momcilo Krajisnik, and Serbian republic vice president Nikola Koljevic.

Serbian President Slobodan Milosevic considered "the very high degree of understanding in resolving the crisis in Bosnia-Herzegovina" as the most prominent feature of tonight's talks.

"It is beyond doubt that this realistic approach to the future confederation of three republics in Bosnia-Herzegovina has won, one can say, its citizenship rights," Slobodan Milosevic said. He stressed that the question of maps remains the key issue.

"I believe that this question can be best resolved if that well-known principle is affirmed that we have been advocating since the beginning—the principle of ensuring equal protection for the interests of all three peoples in Bosnia," Slobodan Milosevic said.

Thorvald Stoltenberg, cochairman of the conference on former Yugoslavia, said that yesterday's talks with Croatian President Franjo Tudjman and Bosnian Croat leader Mate Boban, as well as this evening's talks with Serbian President Slobodan Milosevic and Serbian republic president Radovan Karadzic, aimed at finding a basis for negotiations.

"We are absolutely certain that the only alternative to negotiations is the continuation of war, which means that more people will suffer and more will die in Bosnia," warned Stoltenberg. He said that these talks were aimed at trying to clarify "certain things," and that "there must be some issues which have been clarified so far and which can constitute a basis for further talks."

For David Owen it was important that the first Geneva meeting clarified that "difficult" question—the question of constitutional principles. "At the same time, it is important that the second Geneva meeting examined the question of the stands of Bosnian Serbs and Croats regarding military problems and clarified certain issues concerning temporary arrangements, the observing of human rights, and rights of ownership," said Owen.

"The issue which has not yet been clarified in detail concerns the maps," David Owen said, and added: "We can certainly discuss the maps, but it is important to realize that there are certain limits beyond which Stoltenberg and I are not prepared to go." It is particularly important to see, he stressed, Zagreb and Belgrade accepting the fact that the proposals they are offering must be fair to the Muslims, and that they must not be to the detriment of either of the three sides in Bosnia if they want the world to accept them.

"It is important that each side feels it is gaining something substantial from this solution," said David Owen.

Radovan Karadzic told journalists that the Bosnian Serbs are taking this phase of talks very seriously. "Besides efforts and concern to end the war immediately, we are making considerable efforts to take care of the Muslim interests, because this must be an agreement between all three sides," Karadzic said, adding: "It is in our interest that conflicts are resolved, and since this is so, we are trying to be very considerate of the Muslim interests and of their territorial needs."

"We shall endeavor to find a solution which is also favorable to the Muslims, although the problem is that we have no opportunity to talk to them directly about some territorial issues," Radovan Karadzic said.

Lilic Proposes New State Prosecutor, Bank Governor

LD0807120093 Belgrade TANJUG Domestic Service in Serbo-Croatian 1101 GMT 8 Jul 93

[Text] Belgrade, 8 Jul (TANJUG)—On the basis of the Constitution of the Federal Republic of Yugoslavia,

President Zoran Lilic proposed to the Federal Assembly the appointment of Milomir Jakovljevic to the post of federal state prosecutor and Borislav Atanackovic to the post of governor of the Yugoslav National Bank, the FRY president's information service announced today. Milomir Jakovljevic is currently holding the post of republican public prosecutor of Serbia, while Borislav Atanackovic is governor of the National Bank of Serbia.

Bulatovic as One of Presidential Candidates

93BA1136C Belgrade BORBA in Serbo-Croatian 9 Jun 93 p 2

[Article by Cvijetin Milivojevic: "Who Are the Candidates for New FRY President: Is Milosevic Proposing Bulatovic?"]

[Text] Will the Constitution of the joint state be skirted once again "for the good of the community of Serbia and Montenegro"? This possibility is indicated by a story that seems fantastic at first glance (but only at first glance) from well-informed sources, according to which Serbian President Slobodan Milosevic is persuading Montenegrin President Momir Bulatovic to accept the seat held for less than a year by Dobrica Cosic.

Naturally, no one in the Socialist Party of Serbia [SPS] could confirm this report, but regardless of how caught off-guard they were, certain influential people in the top ranks of that party found such an idea "very interesting, especially with regard to the common purpose of the two republics, or rather the return of authority to the federal state." However, this was followed by the observation that the FRY Constitution has already been ignored once (in the case of Cosic and Panic) with regard to its provision that as a rule the president and prime minister of the FRY cannot be from the same republic.

Immediately after the removal of Dobrica Cosic, representatives of the ruling Democratic Party of Socialists [DPS] of Montenegro declared that in principle they are not interested in the post of FRY president, since the federal prime minister is from Montenegro. Still, new developments cannot be ruled out for the simple reason that Milosevic's offer—assuming that it is credible—could also be a positive step forward for the Montenegrin DPS following a "week of shaken confidence." Thus, after saving (for now) the Sainovic government from the radicals and in return voting against Cosic and opening a front with the SPO [Serbian Renewal Movement], the Socialist Party would like very much to somehow cheer up its coalition partner from Montenegro.

Yesterday, we were unable to get a reaction from Dr. Vojislav Seselj to such an initiative, but in the past the desire has sprung forth from influential radical circles to find "another writer" for Cosic's post. Those who have seen this as a pointed allusion to Brana Crncevic, a federal deputy from the SPS list, are probably not mistaken, because it is quite certain that the candidacy of the top man in the Emigrants Society would be wholeheartedly supported by the Serb "trans-Drina lobby," concentrated around the Association of Serbs from the RSK [Republic of Serbian Krajina] and Croatia, and the Association of Serbs from Bosnia-Herzegovina. After all, this was the exact way, based on a proposal by a "group of citizens," that Dobrica Cosic was chosen last June.

Other candidates that are being mentioned in the lobbies of the federal parliament are academician Mihailo Markovic and federal Minister of Foreign Affairs Vladislav Jovanovic, but also the ambitious chairman of the Serbian People's Assembly, Zoran Lilic. Reportedly, academician Markovic is not interested in a more serious political commitment and Minister Jovanovic announced the day before yesterday that "he knows nothing about being one of the main candidates for FRY president," while the candidacy of Lilic or of someone "from the group of young and uncompromised figures" would clearly be a sensation.

Also clearly supporting the desire of the Serbian authorities to see a Montenegrin in the (protocol-oriented and ceremonial) post of FRY president is the fact that the real authority, even in a situation where the federation is in many regards subordinate to the republics, lies with the prime minister's government. This in turn could open up a new vicious circle—the raising of the issue of confidence in Kontic's cabinet, new ruptures in relations between Serbian and Montenegrin socialists, a new role for the radicals, and a realignment of the rest of the opposition....

Over the next 20 days, by which time, according to the letter of the Constitution, a new president must be chosen, the opposition too must put forward its candidate, and the traditional aspirants are already beginning to send in their petitions. Yesterday, the candidacy petition of attorney Slavko Djukic from Velika Plana arrived at the federal parliament, while some citizens, half in jest and half in earnest, are trying to find out where and when they can sign the candidacy petition of Nikola Seceroski.... One thing that is quite certain is that not a single meeting of the SPS Executive Committee has been scheduled for the next few days, where the highest body of the ruling party would probably discuss candidates for FRY president.

Limited Bribery Investigation of Ministers

93BA1146A Belgrade VREME in Serbo-Croatian 7 Jun 93 pp 26, 27

[Article by Dimitrije Boarov: "Controlled Investigation"]

[Text] *If no one was motivated in the investigation by Ralevic's claim that the money was taken "for the need to buy weapons, because of the difficult situation in the country, and for the campaign and the costs of the elections," perhaps it will be precisely during the trial that the "main act" of the ministerial play will develop around it.*

The very circumstance that a few days ago Tomislav Milanovic, investigating judge at the Belgrade District Court, arranged to have the detention of former Ministers Sava Vlajkovic and Velimir Mihajlovic extended by two months, after three months of empty investigation, indicates that the loudly announced settling of scores with corruption in the government leadership has lost its energy. It seems that the world experience, especially the Italian and Colombian experience, that it is not possible to wage a "limited war" in the struggle against the criminalization of government and that investigations that do not go to the end, i.e., to the beginning of the chain of corruption, always suffer from legal contradictions, is being confirmed here as well.

As everyone still recalls vividly, Vlajkovic and Mihajlovic were charged in the investigation with having taken a "commission" of 1.4 million German marks [DM], as Serbian government ministers, for oil import transactions through the Belgrade foreign trade firm Jugodrvo. The chief witness and the person who gave this scandal sensational significance at the start is Dobrasin Ralevic, Jugodrvo's general director. His statement included the already famous claim that Minister Mihajlovic ordered him that in importing oil he was to give the ministers part of the earnings, secretly and in cash, "for the need to buy weapons, because of the difficult situation in the country, and for the campaign and the costs of the elections." Allegedly, during that conversation Mihajlovic emphasized that the arrangement was under the highest auspices, and so "he folded his hands in the shape of a pyramid." He allegedly also ordered that the business be kept within a narrow circle, and on the spot, he used a ballpoint pen to "correct, for example, the price from 50 to 70 pfennigs per liter" of diesel in Jugodrvo's offer. In his statement, Ralevic also claimed that on six occasions he turned the agreed-upon "ministerial commission" over to Mihajlovic and Vlajkovic.

Leak of the Confessions

According to Ralevic's statement, cash taken from the National Bank of Yugoslavia or the National Bank of Serbia, or Invest Banka, because of the blockade on international payment transactions, was carried by car, with an escort from the Serbian Internal Affairs Ministry, to the border, and to banks in Budapest (the car even had to return from no man's land once, when the people carrying it saw that Hungarian customs officials were conducting a detailed inspection). Ralevic claims that he does not know exactly how much was given to the ministers when the earnings started to arrive, or when, because the dirty payments were "packed" in pouches and bags for display by financial director Aleksandar Matijevic.

Before these statements by Ralevic started to become public, someone (most people think that the Serbian Ministry of Internal Affairs did it) leaked to newspaper editorial offices Velimir Mihajlovic's confession that he really had accepted a bribe, and thus DM700,000 were even found in his father's house in Krusevac. It was also discreetly leaked to the public that Sava Vlajkovic, during preliminary investigation proceedings, also involved in the scandal his former boss, Prime Minister Bozovic, allegedly claiming that the plunder was divided into three equal parts. Suddenly, when the investigation had officially started, Vlajkovic said that he "had no idea" about the commissions. Dr. Radoman Bozovic, allegedly with deep indignation, refused to talk at all about the scandal in an "informational" meeting with the police. Mihajlovic retracted his confession, claiming that it had been extracted from him by trickery, since he had been assured that a coup d'etat had been carried out in the state, and so, psychologically depressed, he was signing whatever the investigators asked him to.

It thus happened that the investigation of the ministers suddenly stopped, because at the moment that they started to defend themselves, Prime Minister Bozovic was also under protection; frightened and undermined even by the Serbian police's "gray eminence" Radmilo Bogdanovic (in NIN), he continued zealously "performing the duties" of chairman of the Council of Citizens in the Yugoslav Assembly. The investigation suddenly had to be turned in another direction, toward Jugodrvo, where the police questioned many people, but did not even clear up the traffic accident in which Branimir Vukovic (head of the firm's Budapest branch) died, nor did it remove all the suspicions about the suicide of Radovan Nikolic (director of the financial section), nor did it explain all the circumstances surrounding the bomb allegedly planted in the firm's headquarters. All these events, however, took place on the eve of the "ministerial scandal" or at the very beginning of it. It is interesting that the police did not immediately, or later on, in accordance with a court order at the investigation's request, "take out" documents on Jugodrvo's payment transactions. It was only at the defense's request that Jugodrvo's documents were obtained and an expert evaluation was made of their contents.

Order or Will

Sava Vlajkovic's defender, Novi Sad attorney Vladimir Horovic (the other one is Toma Fila) says that the investigation was conducted in the wrong direction and of the wrong people. It proceeded from the presumption that the ministers accepted dirty money, and only then started to look for a criminal basis for the origin of that money. Regarding the statement by chief witness Ralevic, Horovic says that it has at least three major contradictions. In the first place, he accuses others of crime, but practically admits that he himself is the most direct perpetrator of a theft at his own firm. If Ralevic then claims that he received a ministerial order for this theft, how is it that he does not remember the percentage that he was asked for (he only mentions the example of the price correction). Attorney Horovic sees the third contradiction in the fact that Ralevic was allegedly ordered to keep the matter within a narrow circle, but he emphasizes that his colleagues prepared and packed the dirty money. In response to a question

about why this scandal "exploded" and how it even did, Horovic laconically answered that it was due to "disputes at Jugodrvo."

Hidden Paths

It could be concluded from this statement that one direction that the defense will take is that the police have Jugodrvo's management in their grip, and so they used Ralevic and his colleagues to remind the political superstructure that "they have a way" to "subdue" any politician, either at someone's supreme order or by their own will.

The second field in which the accused ministers' attorneys are so far playing better than the investigating judge is Jugodrvo's documentation. When experts from the Belgrade City Institute for Expert Evaluation (Vlastimir Jankovic, Ilija Hajder, and Mirjana Lalovic) presented their findings on Jugodrvo's documentation on 20 May, not much was revealed that could support any definitive indictment, because "foreign exchange cash is not recorded in the books." By reconstructing the dinar data, it was determined that on orders from Serbian ministries (which set the exchange rate for foreign exchange every time), Jugodrvo was sold, in various types of foreign cash, $21,393,432.61, and that this firm paid $22,181,951.26 for the oil ordered, while it allegedly owed the suppliers $22,558,799.57. Is there a trace of the "ministerial commissions" here somewhere? It is hard to prove what the evident differences in these data represent. It is even harder to determine the validity of receipts for payments that went through Mondijal Trading and American Trading in Budapest, and through Cyprus and the Security Pacific Bank in Geneva, and mainly ended up in London banks (Berkshire and London Bank).

Experienced attorneys, of course, know that the prosecutor can hardly prove that Jugodrvo had "free" money to give to the ministers, or even determine what the total was and how much was given each of the "five or six times." And who has ever found anything precise in any Balkan documentation, except for always being able to determine that everything is illegal?

Under the general blockade conditions, it will be even harder to check foreign receipts. For example, in response to the accusation that he bought an apartment for 250,000 suspicious German marks, Sava Vlajkovic, now with the help of his defenders, has the answer that he recovered and earned DM390,000 from his capital in Varazdin's Jasa. He was allegedly brought that money on 14 October 1992 by Jovan Olda, and it is all proven by a receipt from a certain firm, Naltek in Vaduz, i.e., its branch in Klagenfurt, where a certain Zdenko Mucnjak is located.

Nevertheless, after all this it is hard to believe that the indictment against Mihajlovic and Vlajkovic will not undergo an "official reexamination" by the court and that their trial will not even start because of a lack of evidence. There is still time for Dr. Radoman Bozovic to be "thrown into" all this, because if the accused ministers really are forced to admit that they received a "commission" on a national job, one can hardly expect that they will not also draw the former Serbian prime minister, and who knows who else, into the game, with reason or not. If no one was motivated in the investigation by Ralevic's claim that the money was set aside "for the need to buy weapons, because of the difficult situation in the country, for the campaign and the costs of the elections," perhaps the "main act" of the ministerial play will develop around it during the trial, with new actors, or rather "national heroes."

Mass Unemployment Kept Undercover

93BA1143D Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 7 Jun 93 p 20

[Article by V. Karakasevic: "Manpower: Mass Unemployment"]

[Text] Yugoslavia has almost always suffered from an excessively high rate of unemployment, but in this crisis and economic and political chaos of the FRY [Federal Republic of Yugoslavia] there is an immediate threat to the population of mass unemployment. The government's emergency measures (primarily to create the conditions for expansion of business and employment of the population, adaptation of the school system, and so on) were needed then, but now there is no real solution to be seen. On the one hand, the government has done everything it could to bring this crisis about, while on the other it has actually closed off opportunities for new productive employment—primarily in the private sector. That is, in formal terms permits for establishing and opening firms have been liberalized, but private businessmen have from the outset been discouraged from expanding and developing their business through tax policy, the system of bribery, blackmail, and other harassment.

Instead of any kind of constructive approach, while the private sector has been dying at the very beginning of development, and a great number of socially owned firms have cut back their activity to keeping their plants warm and maintaining guard duty, the government has been hushing up and covering up the truth about the scale of unemployment in factories and institutions by prescribing the obligation that no one can be discharged so long as the sanctions are in effect and that during that time the unemployed must receive almost the same pay as if they were actually working.

In all of this, the number of employed persons who have no work in the socialized sector is concealed as a particular government secret, and actually there are no data anywhere on this that would be accessible to the public. When this is talked about and numbers are given, these are mainly guesses and indirect deductions. Perhaps the most realistic calculations are those derived from the decline of production. Over the last year, output in the FRY has dropped about 40 percent, and so

it is calculated that about a million of the two and half million employed are on mandatory leave. However, this does not include the drop in production in the socialized sector that occurred longer than a year ago....

Actually, there are no reliable figures on manpower anywhere. The Federal Bureau of Statistics, for instance, last year reworked its figures on the number of employed, discharged, and unemployed in Kosovo and Metohija, which also must have been done on the basis of some policy directive. Be that as it may, the freshest figures are that in April the socialized sector in the FRY had a labor force of 2,272,843, and in March 740,551 people were registered as seeking work with employment security bureaus. Since January of last year, the number of persons employed in the socialized sector has dropped 7 percent, or by 171,287. The number of those who have left the socialized sector over that time is actually larger, because there has also been some hiring of new personnel. The largest group are those who have retired, then there are people who have moved to the private sector, and workers whose firms have been definitively liquidated, and there were numerous people who quit because they were going abroad....

The figures on the unemployed, whose number, after a significant rise for several years, has been declining in the last year, give still greater indication of the people going abroad. Of course, here again there are no reliable nor official figures. It is said that since the beginning of the crisis and the wars, about 100,000 able-bodied and specialized people have left the FRY, but no one can catch you in a lie if you say that as many as 200,000 people have left.

Who Is To Blame

But all of that numerical and statistical hair-splitting is actually meaningless in the situation in which workers in this country have found themselves, when on the average there are more than 60 unemployed for every job, and if we also include those on mandatory leave, then for every need for workers advertised there are about 150 people without work. Every day, more and more plants and firms are shutting down, so that the situation with employment of the population is also taking on the proportions of an economic and social disaster.

The government has not even tried to do anything to halt the economic ruin, which is logical, because the policy which in fact brought the workers to disaster certainly cannot yield a sound solution for getting out of the crisis. But demands are being made more and more frequently for it to do something, especially within the framework of some kind of global social welfare program that would include nearly the entire employed labor force in our country. One such demand was issued by last week's meeting organized by the Council of Independent (Samostalni) Trade Unions of Yugoslavia on the topic "How To Avert Mass Unemployment." The meeting called for economic experts, the economy, and the government to come before the public as soon as possible with a manpower balance under these conditions, along with ways and means of resolving mass unemployment. The people in the trade unions say that the sanctions came from the political sphere and also have to be resolved by political and governmental means, and that the government has a duty to take upon itself the concern and expense for workers left unemployed because of the sanctions. They feel it would be ideal for appropriate employment to be found in production programs, agriculture, and the private sector, and so the government has a duty to first provide incentives for development of those activities. Mention was also made of the policy of starting and organizing public works projects on which unemployed workers could be employed in large numbers, but that this ought not to be used for a new governmentalization of the economy. The opinion was also heard that the trade unions ought to send a sharp protest to the government because of the tragic situation working people are in and should be called upon to take a position—what is to be done about the workers, and also to express the need to point to those principally responsible in politics who have brought the workers to this kind of difficult situation. Revealing those responsible would be particularly desirable because most of the workers are misled and grateful to the government which is paying them although they are not working.

The government meanwhile, and the reference is mainly to republic authorities, is doing the only thing that it ever has known how to do in this region—adopting restrictive solutions, erroneous resolutions, and regulations, becoming ever more firmly involved in the internal business policy of enterprises, managing the economy's income, imposing fines and taking away whatever it can from anyone who still has something, and financing the salary of unemployed workers in an inflationary way, thus discouraging what little segment of the economy can still operate.

Hungary, for instance, pays private operators (in real money) to cover the costs of the salaries of workers for a period of one year. Now that the government is already paying workers who are not doing anything, that money might be used similarly to encourage a transfer of manpower to places where there is work. This, of course, is only a small example with slim possibilities for doing something in the short run. Those larger and general solutions, however, are to be found outside the economy, in the sphere of political changes in the government and the very system of government.

State Takes Control of Pharmaceutical Industry

93BA1143C Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 7 Jun 93 pp 17-18

[Interview with Miodrag Babic, general director of Hemofarm in Vrsac, by V.D.; place and date not given: "The Hypocrisy of the Administration"]

[Text] A recognizable scenario is being played out on the stage these days: The federal state, in spite of the

agreement reached with the pharmaceutical industry on the model for forming drug prices, is simply abandoning it, taking over direct (and restrictive) control. And a modern, market-oriented, technologically and managerially strong, and—under our conditions, in spite of everything—vital and propulsive industry will obviously, at least as matters now stand, not tolerate that (and they say that they cannot).

After all, the seven domestic factories, some, of course, more and some less, have nevertheless to this day managed to produce the necessary assortment of drugs in the face of all the internal and external blockades. There are drugs even today, and the shortages have always been less severe than the shortages of money with which to buy them. The government has not found a model for financing entitlements in the health service, and today is almost alone in covering the salaries of health care personnel. In the meantime, the list of essential drugs paid for as a social service has been drastically cut back, and money is not being furnished regularly even for that. So that there are almost no drugs in medical institutions and government pharmacies, while the private pharmacies are offering an enviable assortment to the market at far higher prices. Almost all the private pharmacies are leveling prices to the movement of the exchange rate on the black market and no one is preventing them from doing so, at least from what informed sources say, while at the same time the administration is waging a hypocritical and enviably successful media campaign, with constant pressure on the pharmaceutical industry, thus diverting the attention of the public from the basic problems that are involved here.

We talked about the current situation with Mr. Miodrag Babic, general director of Hemofarm in Vrsac, a firm which along with ICN-Galenika is one of the largest drug producers in the country.

[V.D.] At the beginning of the year, it seemed that the pharmaceutical industry had finally made an agreement with the government on drug prices. What has actually happened today?

[Babic] The situation today is much more dangerous than it appeared at the beginning of the year, when we dramatically demanded that a model be constructed for forming drug prices over the long haul. After all, this production is complicated and requires a certain foundation so that it can be repeated continuously. We jointly arrived at a model which envisaged on a long-term basis adjustments to reach in stages a certain target level of prices at 75 percent of the former domicile prices of the drugs. This was adopted in a meeting of the federal government and the responsibility for implementing it was placed on the Trade Ministry. And then suddenly the other day, along with the sea of other problems which surround us, that same government unilaterally backed off from that model and adopted a decision setting a ceiling on prices. Instead of accepting a rise of prices of 180 percent according to the methodology that was established, it is limiting that growth to 116 percent, and we perceive that as a de facto freeze on prices, along with all the voluntarism which something like that implies. They are reneging on the model which was jointly adopted in order to put the brakes on the rise of prices, because once again we are going back to certain notorious categories such as the rise of retail prices, the rise of the cost of living, the growth of imported and domestic components, etc. But it is well-known that because imports have been reduced to a minimum, all our domestic inputs are growing faster than the rise of the exchange rate.

At the same time, it is hypocritical to blame us when drug prices have been rising faster than certain other prices in the same period, when it is well-known that the very purpose of the model was to go from 12.5 percent of foreign domicile prices, which is what we had in January, to a level of 35 percent and then 75 percent by autumn. Accordingly, someone who assumed the obligation to do that suddenly lost his memory and compared something that is not comparable. So, today drug prices have fallen to 15.3 percent of foreign domicile prices; in February, the level was 24 percent; in March, we had arrived at 35 percent; and this was maintained again in April, but in May the level had already fallen to 23 percent, and that declining trend has continued.

I would also like to mention that prices must not be taken out of the context of certain other circumstances in which we do business; I am referring above all to sources of foreign exchange, because it is well-known that the exporting of drugs is prohibited. But the government that is concerned about the supply of drugs to the public is much quicker to publish in the media that it has allocated the right to foreign exchange to us, but for more than half a year we have not seen that foreign exchange.

[V.D.] Have those $16 million promised back at the end of last year finally been distributed to the factories?

[Babic] Since back in October we have only today been notified that one portion, that is, somewhere about half of the amount which we have purchased in the meantime, is to be transferred to the accounts. Figure only the interest which we lost here, that is, which we had to pay to our suppliers. That amounts to somewhere around $500,000; where are we going to fit that cost in? And that entire amount does not comprise more than 25 percent of Hemofarm's real needs. We have to buy all the rest on the black market. That kind of behavior toward us is truly intolerable, along with all the other troubles which we have been having, especially with the importing of raw materials. All of this is increasing our costs, and instead of a little support and understanding, we are constantly being harassed from that quarter. Harassment is actually the only expression which I can use. All of this is allegedly covered with some kind of concern for the health service, but on the other side there is no control whatsoever over what is happening on the drug market, where usurious prices are being charged. We are merely keeping the industry afloat, because we are, of course, able to do it. We have even been threatened with our

operating permits being taken away. They are not, of course, able to take away permits from certain pharmacies that have no mercy, but on the other hand they are threatening the factories.

[V.D.] How will your grouping react this time?

[Babic] Our association's position is that we should stop deliveries. Put more precisely, that under these conditions we are unable to deliver drugs. After all, at daily inflation of about 8 percent, as I estimate it, we have a collection period that averages eight days, which means that on that basis we are already losing one-third, along with all the difficulties we have in buying the amount of foreign exchange we need. If we cannot recoup that through prices, then there is no logic at all for us to operate, regardless of our good intentions, because our basic intention is to employ our production capacity. We had even given up the demand of insisting on 75 percent of foreign domicile prices in this situation. We were ready to stop at the level of 35 percent; that is by way of our participation in this trouble, because for a long time now there has been no question of any profit, but only of maintaining capital invested. Today, I am losing on capital invested and I simply am not authorized to ruin what I have. I believe that all must agree that this must not go to ruin. So, we can no longer deliver the goods; we expect our arguments to be given their real weight and for the government to go back to the policy jointly agreed to.

[V.D.] Have you in the meantime been in any communication at all with the responsible officials so that the entire issue might have been averted?

[Babic] We paid a visit to Prime Minister Kontic some 10 days ago, the grouping was headed by Radomir Stojicevic, the president, and me. Three ministers and the governor of the NBJ [National Bank of Yugoslavia] were also present, and we debated the problem of permits for the importation of raw materials for drugs, the making of payments by the NBJ, and no one mentioned prices, but the government made the decision the next day.

[V.D.] What is the government's motive in today making permits required for the importation of raw materials for drugs?

[Babic] We have not had that since 1948, it is without meaning and logic. It was simply pushed through with the law adopted on 5 May. For every raw material, even though it may weigh no more than 100 grams, a permit must be obtained from the Health Ministry. I have heard that they need two new officeworkers to handle that job. I am astounded. I was asked to take the initiative to amend that article, and my associates have done that. But absurdities like this are obviously still getting through, because the bureaucratic apparatus is omnipotent and does what it pleases. That same apparatus also cooked up this. They are constantly putting spokes in our wheels.

[V.D.] All of this seems somehow synchronized, from what you have talked about, and then the pathetic moaning for humanitarian aid, to all the outcry about our not having drugs, but no one ever says that we do not have the money to pay for them?

[Babic] They are not aware that we can only die if we depend on drugs from humanitarian aid. No self-respecting country will rely on humanitarian aid for drugs. That can be a supplement, a relief. At the same time, under that aid many drugs are coming here which are not registered, the physicians are not familiar with them. The experiences of other countries indicate that often these are drugs whose shelf life is near expiration or has already expired. We also know that Iraq, which does not have its own pharmaceutical industry, has had more victims from the lack of drugs than from the war. Unfortunately, these were mostly young people and children. At the same time, it is dangerous to rely on such sources, because this can also be used to apply pressure. We often come up against refusal of permits to import raw materials from outside, but permits to import finished drugs are obtained efficiently. And instead of figuring out the game, our ministers write various letters, simply waiting for us to tell them which drugs we will be short of and when, so that supposedly they would see to the importation of those drugs. With what foreign exchange, when they do not have it for raw materials, and with what dinars? This is a substitution of premises, a convenient game, and obviously some interest in starting up a business. We have a great many newfound businesses. A lot of money is earned importing drugs. I would not go into details, but a fat book could be written about this, and the time will come even for that.

[V.D.] But the public is in constant fear of your shutting down, of your not getting raw materials at all, although with all the difficulties that exist, you are somehow obtaining them legally, and throughout this time you have still been offering a decent assortment.

[Babic] The difficulties are immense, but we are much more effective, it is obvious, in solving those external problems than solving those we have here, at least as far as Hemofarm is concerned. Anyone who lacks our drug either did not want to pay for it or could not pay for it. And all I ask is that our drugs be paid for within eight days. When someone can pay in advance, we value that and provide a benefit; thus, that person is rewarded, but we allow eight days for those who cannot.

[V.D.] Do you have any data on what the actual decline has been in the consumption of drugs because of the overall situation?

[Babic] According to the approximate estimates of our grouping, it is somewhere around 40 percent. That is a drastic drop. I am not saying that because I am unable to market drugs, but that is a datum which ought to disturb society. It is of interest that no specialized service in our government has been analyzing this. At the same time, when you look at the indication groups, there has been a

sudden drop in standards as to the use of drugs as well. There is an increase in the consumption of the less expensive and older drugs, with smaller therapeutic effects. There has been a drastic drop, for instance, in antitussive drugs, indeed to about 20 to 30 percent of earlier consumption. But it turns out that this is out of line with what we have been talking about, which is drug prices. However, there is a connection. Society has withdrawn from that most important sphere of social welfare and now wants to pull out the pharmaceutical industry as well as the duty scapegoat, although in real terms it has lower prices than it had two years ago, so that it has a duty scapegoat on the stage. But neither are we so inexperienced as not to realize that. That is why we are raising our voice.

Banking Laws Debated, Postponed

93BA1143B Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 7 Jun 93 p 16

[Article by V. Grlickov: "To Whom Is Power To Be Given?"]

[Text] Accepting the logic that the Law on Banks ought not to be adopted separately from the Law on the National Bank, the deputies on the two competent committees of the Federal Assembly have postponed debate for several weeks. The view has been taken that the two laws, which under normal circumstances constitute the "backbone" of the monetary and banking system, are to be debated simultaneously so that they can be adopted "as a package." This has corrected the (intentional or unintentional) error in procedure, which could have resulted in building a banking system without what represents the "head" of it all in the form of the central bank.

Primary Note Issue and Budgets

An examination of the amendments submitted, the most consistent alternatives among them having been proposed by the Democratic Party [DS] (Deputy Miroljub Labus), shows that the proposed version of the law indisputably provides that in the name of the uniformity of the monetary system the four regional national banks (of the republics and provinces) should be abolished. They would be given the lower status of branches of the unified National Bank of Yugoslavia. Thus, management and monitoring of primary note issue and foreign exchange reserves would be regulated in a more optimum way and the chaos that prevails today in this area would be prevented. It is felt that the present national banks of the republics and provinces have been used for breaches in monetary and foreign exchange policy, beginning with resorting to primary note issue and cash, and running all the way to their appearance on the "black" foreign exchange markets.

But it should not be thought that this move alone will solve the problem of monetary expansion and foreign exchange sorties. Developments are not unfavorable only at the point of the republic (or provincial) national bank. There are many links beginning with the Topcider printing plant and the settlement agency and going all the way to the banks and firms, where "leakage" of primary note issue and cash is possible or is already occurring.

There is no need for specific argument to the effect that monetary expansion and foreign exchange disturbances will be possible even if the national banks of the republics do not exist. That is, no one can guarantee that the future unified central bank will be immune to breakthroughs nor that it will resist pressure for it to merely give a legal form to everything that has been happening in the monetary sphere.

One essential innovation in the proposed version of the Law on the National Bank is the opening up of a legal possibility for primary note issue in the form of short-term, but also long-term credits (through giro accounts), as well as through securities, to be used to replenish republic budgets. The proposed version of the law takes for its point of departure the present situation and the existing (large-scale) use of primary note issue for budgets, which, in the assessment of many, constitutes the basic cause of monetary expansion and the instability of the national currency.

In the present situation, it obviously is not possible to avoid primary note issue for the budget (under normal circumstances, its elimination constitutes the basic instrument in fighting inflation). The amendment submitted by the federal government to the proposed version of the law proposing that there be no restriction whatsoever concerning primary note issue for the budget provides evidence as to what the situation is in this area.

One can conclude after scrutinizing the proposed version of the law that the National Bank is also avoiding a clear commitment and stand on this issue. But a deputy amendment specifically called for that and would require that use of primary note issue for budgets be limited to 10 percent of total expenditures planned. It should also be mentioned that this has existed up to now, but with a considerably more lenient limit (40 percent) on primary note issue for the federal budget. But obviously this could not be respected.

To Whom Does the National Bank Belong

The proposed version of the law defines the National Bank as a government institution, which ought to mean that it acquires all the powers to take over the monetary and foreign exchange authority in its own hands in order to defend the stability of the national currency.

It is clear from all that has been happening and from the amendments to the proposed version of the law that the situation could undergo essential change. As a government institution with monetary authority, the central bank could be used (or already is being used) in a manner that does not presage moderation of monetary expansion. That is why amendments have been submitted that

would organize the National Bank, like any other bank, as a joint stock company in which the state (government) would have the dominant capital and power (through the finance minister) in managing monetary and foreign exchange affairs.

The idea of the central bank as a joint stock company is not new—it was around earlier, but was rejected as inadvisable because the central bank is not given monetary sovereignty. Under present conditions, however, this idea might encounter much more understanding, even though in practice this means greater power for the government (finance ministers), because in future members of it might prevail (or will prevail) who "have a greater desire" for monetary stability and the stability of the national currency.

Certainly the state (government) as the dominant owner of the central bank's capital would have the right to the gain from note issue, whose disposition would be adopted in its name by the Assembly. In that case, the major replenishment of the budget would be obtained from real sources (the gain from note issue), while the republics would have to refrain entirely or in part from the gains they now have from note issue.

The same problem arises, just with different terminology, in connection with the proposed version of the Law on the NBJ [National Bank of Yugoslavia] when it comes to relations between the federal government and the NBJ. That is, the NBJ insists on managing and disposing of "its own" entire property, while the government would like to have this in its own jurisdiction. This is not an ordinary dispute in property law, because in essence matters come down to the dilemma of who has the power and is conducting monetary and foreign exchange policy.

Finally, but certainly not least important, come the issues related to election and responsibility of the top officials of the National Bank of Yugoslavia. In the proposed version of the law, the governor of the NBJ would be elected by the Assembly and nominated by the president of the republic of the FRY (after first obtaining the opinions of the republic presidents), but the question of accountability is not dealt with. Thus, a deputy amendment would give the Assembly the right of recalling the governor (for incompetence, committing a crime...). This amendment would spell out the conditions for putting the question of terminating the term of the governor, which otherwise lasts five years: first, if the term for which he was elected expires, second, if he himself submits his resignation to the president of the republic, and third, if he is discharged by the Assembly.

The amendment insists that the governor must report to the Assembly on credit and monetary policy as conducted as well as about projections. The function of the Assembly would not be to restrict in this way the sovereign rights of the National Bank and the governor, but only to inform and, if necessary, alarm the public should monetary and foreign exchange developments be unfavorable.

Another interesting thing associated with the policy of managing the central bank: The Democratic Party (Miroljub Labus) explicitly insists that the law prohibit management of the National Bank by people who are politically involved (partisans) in the bodies of various parties. Also, no key official of the National Bank could at the same time be a shareholder in a commercial bank, because the bank would thereby be in an unequal position in dealings with the central bank.

Textile Industry Operates Despite Sanctions

93BA1143A Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 31 May 93 pp 20-21

[Interview with Nebojsa Kuzman, deputy general director of the Trudbenik Cotton Spinning Mill in Pancevo, by Milijana Barjaktarevic; place and date not given: "Cataclysmic Exaggerations"]

[Text] The first forecasts of eminent experts about the position of the textile industry under the conditions of the economic blockade and sanctions have not been entirely borne out. That is, even after introduction of the first sanctions assertions ensued to the effect that this industry would "crack" entirely in no later than six months. However, this has not happened even after introduction of the second sanctions, that is, up to this very day, in spite of the high dependence on imports and exports. Production has been cut to less than half, but still almost all the firms are still in existence. We talked about this with Nebojsa Kuzman, deputy general director of the Trudbenik Cotton Spinning Mill in Pancevo.

[Barjaktarevic] It will soon be a year since the blockade of our economy began. How do things stand in the textiles sector?

[Kuzman] It seems after all that we as a country are a great economic phenomenon. Our Western partners cannot figure out how we survive at all. So it is difficult from the vantage point of just one producer to say what the situation is throughout the industry. It is probably operating with great problems, because certain firms face more difficult sales. However, there is also a great deal of exaggeration, cataclysmic assessments are made without any real basis, because everything that has been happening to us in textiles has not been to the extent that was anticipated. Producers of durable consumer goods are in the most difficult situation, for instance, the carpet industry, but even they had relatively solid exports until introduction of the recent sanctions.

[Barjaktarevic] Factory directors are stubbornly insisting on the fact that production is equally limited by the lack of basic raw materials and by the absence of markets.

[Kuzman] At the beginning, it was thought that the greatest difficulties would be related to the supply of natural textile fibers because our industry is to a high percentage dependent on imports in this regard, and all of 100 percent when it comes to cotton. Trudbenik therefore hurried to put by in time sufficient quantities of cotton fiber, and I think that the other firms reacted in the same way. I must emphasize, however, that the public often has not been well-informed. For example, when it is said that Trudbenik is a cotton spinning mill, people usually think that we make exclusively fibers of natural origin. But our production consists of raw, undyed natural yarn, cellulosic and acrylic fibers, as well as various blends. There is a sufficient supply of almost all synthetic and chemical materials which are included in our assortment. Acrylic is produced at Ohis, polyester at Hemiteks in Skopje, there are no problems on the Macedonian side in making purchases at all, cellulosic fiber from Viskoza also is arriving regularly. What is more, I think that there is also enough cotton today in the factories. It is being offered by socialized and private firms, because the former republics of the USSR, which have immense cotton plantations, and for whom this is the only source of income, are not really ready to obey the blockade. It is more a question, then, of psychology, and viewed from the economic standpoint it has had the consequence of an unjustified leap in the prices of products made from cotton and the abnormal situation on the finished-products market, because textiles have faced the low purchasing power of the public.

[Barjaktarevic] However, in spite of those realizations, the immense rise in the prices of textiles has continued.

[Kuzman] It is hard to say what is behind the uncontrolled rise of prices in this particular case. Violating the embargo implies a risk, and every risk must be well-compensated. It is also a matter of there being a large number of middlemen involved in the importing of raw materials and the exporting of finished products, and that is also quite expensive. At the same time, the production cycle in the textile industry consists of several phases in processing. Each of them tries to pass on as much as possible of its costs to the next technological phase, all the way to the finishing industry, where all of that piles up and is then passed on to the final consumer. Under the conditions of galloping inflation, it does not pay to go onto the market with competitive prices anyway, that is, to achieve a big turnover. Today, it is not possible to set a price even for 60 days, it could not even be mathematically computed. What is more, money is no longer safe capital. What is a producer to do, say, when he suddenly sells his output and then over the next several days or perhaps weeks he is unable to obtain raw materials. In the meantime, the mark jumps 25 or 50 percent. We have arrived at an incredible situation in which—unlike previous periods, when zero inventories were desirable—producers are looking out for themselves most successfully by maintaining large inventories, reasoning that it is more optimal for goods to go to the market in smaller regular quantities, but at a higher price. So, production is no longer a criterion. Sales are essential, they provide for inventories, salaries, and certain small investments. During the winter, production at Trudbenik came to a halt for between 60 and 70 days. But that mode of production capacity was not forced under pressure, but was an integral part of business strategy, because we here have never been burdened with illusions, Trudbenik was not counting on revivals of the socialist past, and that is why we do not consider it a tragedy for production to come to a stop. We have a scale of our own as to when we should move and when we should stop. The fact that the textile industry felt its greatest blow when cold weather came is unambiguous indication that energy, not basic raw materials, is the key problem, because this industry is a large consumer of all types of energy. At Trudbenik, we foresaw this situation back in the early summer and put aside large inventories of finished products which we have been gradually shipping to the market. But probably because of that rush we did not manage to make a good determination as to assortment.

[Barjaktarevic] How is the trade sector reacting to the delay in the supply of goods, that is, have the new circumstances altered at least partially the fact that trade had a determining position over industry?

[Kuzman] Not partially, but a great deal. I am inclined to say that the sanctions have devastated the trade sector far more than manufacturing. Resistant to all kinds of changes, conservative and ossified, it has fallen into its own trap. People in the trade sector, that is, unlike manufacturing people, have been accustomed to operate on the safe side. To give you an example, they would take delivery of goods from one manufacturer, agree to pay in 60 days, and in the meantime not provide any funds at all. When the deadline passed, they would start lamenting and drag things out for another 30 days, and then again they would say that they are not really in the best shape when it comes to money, that they will pay with yarns, to which they apply some interest rate policy of their own between 5 and 10 percent, and even then the date would be deferred. They apply the entire procedure as they themselves see fit, because this postponement of payment in practice means that they are turning over the goods without a dinar of investment. Now, that kind of reasoning did have its logic when the market was under high pressure from textile goods. It is incomprehensible, however, that they should have tried to play the same game under the new conditions, and have done so, as it turned out, to their own detriment. The trade sector at the moment is in a very difficult position because of the fact that the industry is offering goods less and less frequently and in ever smaller quantities, while on the other side there is the constant problem of the public's purchasing power. At the last fashion fair in Belgrade, I saw that Sloga from Zrenjanin had an exceptional line of children's wear, but nowhere is it to be seen in the stores. The firm Vit of Vrbas also presented at that time an exclusive line of women's outfits. I do not think that their collection can be found anywhere in the trade

sector either. This is a time for manufacturers, who rely on that segment of the trade sector that plays fair. Fortunately, there still are such retailers, although not very many. Trudbenik has good cooperation with the Beograd Department Stores and Stoteks of Novi Sad.

[Barjaktarevic] Textiles is an industry in which much has always depended on the level of market flexibility.

[Kuzman] Yes, and I am convinced that even now it is showing an above-average elasticity. That is in fact why I said that I am not sure how much the complaints of textile people are justified. Trudbenik is doing fine. How it will be in the future is difficult to predict in a time of great upheavals. The entire chain of events at the international level is unpredictable at present. I assume that when the blockade is removed, firms holding a large quantity of goods on inventory will be in a far more favorable position on the domestic and foreign markets, especially if their financing is not as expensive as it has been. We have even profited on the loan which we took for those purposes, because its value at this moment does not amount to even 20 percent of monthly sales.

I feel, however, that many people are deceiving themselves when they think that all the problems will automatically be solved as soon as the sanctions are removed. To the contrary, I am convinced that only then will we face the immense challenges, above all, the textile industry, and especially spinning mills. The reason is this: On the domestic market, now the prices are quite high and the quality of the offering quite poor. When the sanctions are removed, there will be a collision with foreign competition. Firms processing cotton will not be able to keep up with producers from countries which have their own cotton, such as Pakistan or Egypt, which have very high-quality fiber and are expansively developing the processing phases all the way to finishing. They are cheaper because they do not have the shipping costs or customs duties involved when the raw materials are imported. Cotton is always purchased in large quantities, this business is done by large firms which incorporate high margins. They also have an advantage in the price of labor. True, we do have a tradition in the processing of cotton fiber, but after all these political conflicts, I do not know whether the West will show an understanding for tradition and partners who were formerly traditional, or whether intolerance resulting from political games will win out.

[Barjaktarevic] Nevertheless, in essence it is all just a question of interest.

[Kuzman] It is possible that we will get a certain market share if we offer a better-quality and less expensive assortment than producers from the countries of the former Eastern bloc and the Near East, who have already taken up our positions. It is illusory for us to convince ourselves that we are still indispensable in that regard, that is, that at one time we were quality leaders, and because of that fact our long-term partners from West Europe will cancel contracts with their present partners as soon as the sanctions are removed. Even the Yugoslav textile people could not keep up with the demands of the advanced countries at the beginning, which means that in that wandering our competition has been able to adapt, to find its place, and we will have a hard time displacing them. There is also the question of relativity. After all, our textile industry is extremely flexible compared to the behavior of most economic groupings and industries in the country. However, if this is viewed as a function of movements on the world textile market, then it is quite certain that there is quite a bit of sluggishness in our individual moves and indeed overall internal relations.

[Barjaktarevic] In textiles, however, it is felt that ineptness, inertness, even deliberate neglect of reality are the main characteristics of those who shape economic policy. This conviction is constantly supported on the one hand by the fact that this industry has been capable of achieving a solid surplus of foreign exchange in normal times, while at the same time the government has been unwilling to provide it financial support in this effort.

[Kuzman] By contrast with many business people in this branch, I feel that textiles is an industry that is becoming obsolete. From the standpoint of the shapers of economic policy, there is no justification for a particular effort to promote its development. Textiles are an industry in which there is no large profit. Now and also in the future, profits lie in new technologies. Technology is mainly static in the textile industry. Since the first spinning machines were made in the world, the principles have hardly changed at all. Only efficiency and working conditions. Not even Italy, as the largest textile force in the world, is earning on technology, nor on productivity, because in the latter area the Germans are nevertheless stronger, but exclusively on the basis of style. This is a Latin nation which is characterized by a market flair for beauty. In our country, we have not successfully joined productivity with exclusivity of style.

Defense Council Requests Readjustment of Budget

93BA1136B Belgrade BORBA in Serbo-Croatian 7 Jun 93 p 9

[Article by Dara Vucinic and Borislav Solesa: "Why Supreme Defense Council Requests Rebalancing of Budget: Weapons Emptying State Coffers"]

[Text] *In the announcement from the meeting held on Wednesday, 2 June, presided over by the "surprise" president of Yugoslavia, Dr. Milos Radulovic, the Supreme Defense Council somewhat unexpectedly opened the question of reassessing the military part of the federal budget. At the end of the short announcement from that session, there is one acrimonious sentence: "Reviewing the importance of these budgetary questions to the combat readiness of the Armed Forces of Yugoslavia [VJ], the Supreme Defense Council has concluded that the competent state institutions, in preparing to rebalance the*

federal budget, should give priority to providing funds, the immediate function of which is to ensure the full level of combat readiness of the Armed Forces of Yugoslavia."

Regardless of the fact that perhaps momentary political interests prompted the Supreme Defense Council to devote attention to the military part of money from the state treasury—and it makes up 70 percent of the total Yugoslav budget—the matter is still exceptionally interesting and dramatic.

It must be explained to the average Yugoslav, who receives a wage of 30 German marks, why of the 50.6 trillion dinar federal budget as much as 38 trillion dinars goes to the military. What does the military budget entail? Perhaps it is necessary to recall a few things.

When the Slovenes expressed the opinion in the early 1980's that our Army was too expensive, regardless of the fact that it was renowned as the seventh or eighth strongest military force in Europe, and said that there was plenty of wasteful spending going on there, and when the youth press in that republic asked who was paying for the construction and furnishing of Adm. Mamula's luxury villa, this was regarded in most of the other regions of (the still unified) Yugoslavia, and especially in the critical federal institutions of power, as a "disproportional attack on the JNA [Yugoslav People's Army]."

Ten years later, in April 1992 to be precise, in the Serbian Assembly (to note only one of the numerous examples), some of the deputies openly asked that the spending of money appropriated for the military be placed under the control of the Serbian government. That the financial police look into its financial institutions. Allegations were heard, which even today are not exactly rare, to the effect that for years and decades abuses have been major and massive.

The traditional explanation of army experts when requesting the appropriation of money to the military coffers—that it is necessary primarily because of modernization, to improve the military skills of officers and soldiers—repeated every year, was, it appears, on somewhat shaky ground. This is best evidenced by the irrefutable fact, among others, that many officers first laid eyes on many types of weaponry when the war broke out in 1991, when they had to command soldiers handling those weapons.

If all of this was true when the Yugoslav state was both bigger and richer, then it is no wonder that the Armed Forces of (the remainder of) Yugoslavia, with a largely inherited manner of working and conducting itself, today faces greater financial uncertainty than ever before. A newspaper commentator surely cannot pretend to be able to evaluate whether too little or too much money is being spent on the military, given the funds that are available for the economy and society. But perhaps it will not hurt to take a look at how much money other countries spend on their military institutions, according to figures from public publications, and what is regarded as normal there, at least in peacetime.

In 1988, for example, Yugoslavia appropriated $2.4 billion for its JNA. Italy spent $17 billion, while Japan spent as much as $30 billion. Thus, on the one hand Italy appropriated seven and a half times, and Japan appropriated 12 times the amount for the military that our country did. On the other hand, however, for Italy this amounted to only 2.2 percent of the gross national product; for Japan it was 1 percent, while for Yugoslavia it was as much as 4.94 percent. That same year, Italy appropriated, say, 7 percent of the national product for health care, 5 percent for education, and 3 percent for science. In contrast, Yugoslavia spent 3 percent on health care, 2.66 percent on education, and only 0.9 percent on science.

Or another figure. At the 28th Congress of the Communist Party of the Soviet Union in early July 1990, then-USSR Minister of Foreign Affairs Eduard Shevardnadze asserted that "by spending one-fourth of the budget on military needs, we have destroyed the country and impoverished the people." For the most part, Yugoslavia, at least in recent years, has spent close to one-half of the total resources of the federal treasury on the JNA, to which must be added the nonbudgetary outlay that did not appear as part of the federal budget until the advent of Ante Markovic as federal prime minister.

Perhaps whether or not our military is expensive or cheap is not the most essential question right now. More important is whether the available funding is actually being spent on what is truly most necessary for this country and its people in pursuit of their defense and protection. In this regard, there is theoretically nothing wrong with what federal Prime Minister Dr. Radoje Kontic said in early April in the federal parliament, that "under conditions of blockade, military threat, and war around us, funding for defense must be proportional to the dangers that threaten us." Perhaps only truly competent experts should say how much this "proportionality" should and can be.

According to the VJ transformation plan, which would run through 1995, a sum of 1.05 trillion dinars is projected for 1993, with another 866 billion in 1994 and another 347 billion in the concluding 1995.

It is clear that these amounts are not final and that they will be revalued, and in fact significantly increased. The law stipulates that this money be used for 11 purposes: the acquisition of weaponry and equipment; the construction of various installations; the arrangement of certain space; the construction of housing; the modification of weaponry; the restructuring of the military industry; scientific research; the payment of soldiers according to contract; the resolution of the problem of officers who came from seceded republics; reinforcing reserves; and repairs.

Around 7,000 officers with families and 2,000 single men have come from Croatia, Slovenia, and Bosnia-Herzegovina to Serbia and Montenegro, and the Armed Forces are also working on that. Ambitions to build new weapons are also known, for example modifications on a missile with a range greater than 1,000 km. Naturally that costs money.

At the same time, the military industry of Yugoslavia, which earned more than the entire tourist economy before the war, has no way to sell its aircraft, tanks, and other weaponry. The Yugoslavs are being squeezed out of that market by the Swedes, the Italians, the Americans, the Russians....

[Box, p 9]

Calculations and Reality

The Yugoslav budget was adopted by the Federal Assembly in late March, with a total amount of 38.385 trillion dinars (a little more than $800 million at the black-market rate at the time). Of that amount, 70 percent was provided for the Armed Forces of Yugoslavia, and of that in turn, it was emphasized that as much as 84 percent was "for purely military purposes, or rather for the defensive sphere."

It appears that this is absolutely unrealistic, no matter from what angle one looks at it today. One M-84 tank costs $1.6 million, while one MIG-29 costs at least 20 times that. The government moreover proposed its budget based on a monthly inflation rate of approximately 40 percent, but even in March it was three times higher than that. Thus, a rebalancing of the budget is clearly unavoidable, but it remains unclear where the money will come from.

[Box, p 9]

Share of Gross National Product

For 1992, the federal budget that was passed amounted to 320 billion dinars (value at the time), of which 245 billion was directed to the military coffers. This came to around 4.6 percent of the national product.

A 1979 law provided for military spending accounting for 6.7 percent of the total national product. That year, the actual figure was 5.09 percent. In 1989, under the law that share could be 5.2 percent, but the actual figure was 4.6 percent, which is what it has remained for the last three years.

Serbia

Seselj Demands Removal of Leading Army Officers

AU0807143693 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 8 Jul 93

[Dragoljub Stankic report on news conference by Vojislav Seselj of the Serbian Radical Party in Belgrade on 8 July—recorded]

[Text] [Stankic] Vojislav Seselj, chairman of the Serbian Radical Party [SRS], demanded the removal of not only Lieutenant General Zivota Panic but also of General Radovan Radinovic, General Vladimir Stojanovic, commander of the First Belgrade Army District, Colonel Aleksandar Dimitrijevic, head of the counterintelligence service, and Colonel Ljubodrag Stojadinovic, head of the Information Service of the General Staff.

[Seselj] All these people have been exposed as undermining the defense strength of the country, and they cannot hold these leading positions in the Army. No one can expect the SRS to vote for the budget and the law on national defense while these people lead the Army.

[Stankic] Commenting on the extension of the detention of Vuk Draskovic, Seselj said that many people who are now declaring their support for Vuk were only interested in gain, and as far as they are concerned, the longer he remains in prison the better. He singled out his [Draskovic's] lawyers here. According to Seselj, Vuk Draskovic can be helped in the following ways:

[Seselj] He can be helped by allowing the atmosphere surrounding the case to calm, then by avoiding politization as much as possible, and by pleading with the relevant state authorities, who are in charge of passing any acts of pardon—with guarantees that such street violence will not happen again, that there will be no more casualties, and no attempts at the violent overthrow of the government, but that all political activities will be carried out within the framework of parliamentary politics.

[Stankic] Seselj condemned all outside intervention on behalf of Vuk Draskovic, and wondered why they had not intervened when babies were dying because of the sanctions and the lack of medicine.

Doctors Warn Draskovic 'Could Die Within Hours'

AU0907062693 Paris AFP in English 0026 GMT 9 July 93

[Text] Belgrade, July 9 (AFP)—Doctors attending Serbian opposition leader Vuk Draskovic, currently on hunger strike, have warned that he could die within hours, as peace mediator Lord Owen visited the clinic where he is being detained.

The doctors wrote in an appeal to the court here, cited by the BORBA newspaper Friday: "The deteriorating health of Draskovic demands a quick decision in order to avoid a fatal ending—which could come very quickly.

"Draskovic's release would be a sensible and humane step. We warn you again to consider this case urgently as it may be only a matter of hours."

Draskovic, who began a hunger strike Thursday last week, and his wife Danica have been detained since June 2 on charges of public disorder after an opposition demonstration turned into a violent clash with police.

They are in a neurological clinic after having both been severely assaulted by policemen during and after their arrest, their lawyers have charged.

Lord Owen, the European Community-appointed mediator for ex-Yugoslavia, said here Thursday he had spoken to the doctors in the clinic to get a first-hand report on the couple's state.

He said he had informed Serbian President Slobodan Milosevic of his visit beforehand.

Earlier this week Danielle Mitterrand, the wife of the French President, saw Milosevic here and appealed for Draskovic's release, but to no avail.

No Visitors Allowed

LD0807162893 Belgrade TANJUG Domestic Service in Serbo-Croatian 1551 GMT 8 Jul 93

[Text] Belgrade, 8 Jul (TANJUG)—Due to deteriorating health, Vuk Draskovic, chairman of the Serbian Renewal Movement [SPO], will not be receiving visitors, apart from defense lawyers, from 1500 today, the SPO Information Council disclosed in a statement today.

"Vuk Draskovic's health has deteriorated so badly that he was not able to talk with his sisters today," the statement says.

Macedonia

Foreign Minister, Deputy Prime Minister Appointed

AU0807180593 Skopje MILS-NEWS in English 7 Jul 93 no page number given

[Unattributed report: "New Appointments in the Macedonian Government"]

[Text] The Macedonian Parliament, yesterday, at the government's proposal, appointed Stevo Crvenkovski Foreign Minister.

Mr. Risto Ivanov was appointed Deputy Prime Minister, in the place of Stevo Crvenkovski.

Ivanov and Crvenkovski are members of the Liberal Party of Macedonia, one the coalition partners in the Government.

Crvenkovski Visits Paris

AU0807180493 Skopje MILS-NEWS in English 7 Jul 93 no page number given

[Unattributed report: "Stevo Crvenkovski in Paris"]

[Text] During yesterday's second day of his stay in France, Macedonia's Foreign Minister, Stevo Crvenkovski met with Mr. Xavier de Vilpen, president of the Senate's Commission for foreign-political issues.

Mr. Vilpen expressed particular interest in the current situation in Macedonia, and the eventual risk of the spreading of the war.

Vilpen was interested in the arrival of the new contingent of peacekeeping forces from the USA, and the consequences on Macedonia from the implementation of the UN sanctions against the Federal Republic of Yugoslavia.

In minister Crvenkovski's honor, Senator Roland Bernard organized a luncheon in the Senate.

Yesterday evening, the Macedonian delegation left Paris.

Montenegro

Bulatovic Calls For 'Reintegration' of States

AU0807134093 Novi Sad DNEVNIK in Serbo-Croatian 1 Jul 93 p 3

[Unattributed report on the statement by Momir Bulatovic, president of Montenegro, in the European Parliament in Brussels; date not given: "The Future Is in the Normalization of Relations Among New States"]

[Text] "No peace in former Yugoslavia is possible without an integral solution, while there cannot be any integral solution unless all the existing realities are accepted," Momir Bulatovic, president of Montenegro, warned in his speech yesterday afternoon in Brussels, in the Committee for Foreign Affairs and Security of the European Parliament.

Bulatovic's speech started with a recap of the chronology of the Yugoslav crisis. According to Bulatovic, that crisis started three years ago, when opposing nationalisms brought about the total blockade of federal institutions in the former Yugoslavia. Bulatovic also recalled that at the time the EC held the opinion that the former Yugoslav Federation ought to be preserved, as long, of course, as it pursued its democratic reorganization.

However, when the political crisis turned into war, and when paramilitary formations attacked units of the regular Yugoslav People's Army in Slovenia, the EC made an initial and fatal mistake in the Yugoslav crisis: It gave up the defense of the unity and sovereignty of Yugoslavia within its undisputed territorial borders, and started to defend the unity and integrity of new entities with administrative borders that were and still are quite disputable in many ways.

According to Bulatovic, proof that the premature recognition of Croatia, and Bosnia-Herzegovina in particular, was a mistake can be seen in the exchanges of accusations under whose pressure the recognition was carried out [sentence as published].

Without any intention to justify the actual deeds by the Serbs in Croatia and Bosnia-Herzegovina, and severely

condemning war crimes, ethnic cleansing, war destruction, and the prevention of relief convoys to reach their destinations, Bulatovic tried to draw the attention of the European representatives to the real causes of the civil war.

"The war broke out because the Serbs in Croatia and Bosnia-Herzegovina were forcefully prevented from living in Yugoslavia, and all of a sudden found themselves in new states that labeled them as a national minority. As a result, they demanded the right to self-determination, or rather secession from these newborn states, out of fear for their own existence...," Bulatovic claims. That the issue is really about self-preservation, rather than the establishment of a greater Serbia, is proven, according to Bulatovic, by the Serbs in Slovenia and Macedonia accepting the new states; that is to say, they did not insist on their right to self-determination since they never felt physically endangered by the new authorities.

Bulatovic spoke particularly exhaustively about the international community's sanctions against the FRY. The sanctions simply negate the right to live to the citizens, although they still do not understand why such pressure has been exerted on the FRY, and why the very clear arguments and facts of the FRY are not observed. "It is particularly impossible to understand and justify the double standards by which one side can do anything, while the other side is not given even the elementary right to existence," he said.

From the European Parliament in Brussels Bulatovic appealed to the EC and the wider international community selectively to lift the embargo, and thereby initiate some positive changes in their attitude toward the FRY. For instance, the international community could start by permitting Montenegro to export aluminum, thereby enabling it to buy food, medicine, and other goods that are excluded from the embargo, just as they did in the case of Iraq. According to Bulatovic, such a step by the international community would have manifold importance: In that way it would alleviate the catastrophic consequences of the sanctions, start the process of reestablishing trust in one another, and make it possible for the cooperative policy of Montenegro to be adequately assessed.

Bulatovic believes that the success of the latest round of Geneva negotiations about Bosnia-Herzegovina would make it possible to lift the sanctions. "The Serbo-Croatian agreement on the partition of Bosnia-Herzegovina became the will of the majority, and thereby at the same time a legitimate means of settling the conflict. However, apart from its legitimacy, the settlement must be just, which means it must not be unfavorable for the third, Muslim side," the Montenegrin president said.

The last part of the speech refers to Montenegro. Bulatovic recalled that the republic that he represents has had state sovereignty for more than one century, and its statehood did not come about from the chaos of the disintegration of the former Yugoslavia.

As for the FRY, he said it made possible a life of equality and democracy, even if it consisted of states of extremely unequal sizes and different economic capacities. He also noticed that despite the most difficult peacetime situation in its long history, Montenegro is today experiencing the greatest democratic revival that has ever happened in its history. He particularly stressed the very high standards of individual rights and basic freedoms, as well as the protection of the rights and freedoms of the national and ethnic groups.

Finally, returning to the topic of Yugoslavia, the former and the present ones, President Bulatovic concluded that he saw its future in the normalization of relations among the five new state entities. An ever higher degree of cooperation among these newborn states would legally bring about a sort of real and desirable reintegration there, which is, according to Bulatovic, one of the basic preconditions for normal life in this part of the Balkans and Europe.

Terrorists Attack Muslims in Niksic

93BA1146C Belgrade VREME in Serbo-Croatian 7 Jun 93 p 29

[Article by Velizar Brajovic: "Battle for Niksic"]

[Text] *It will only be when the perpetrators of several hundred crimes are punished that there will be no reason for Muslims to leave Montenegro.*

In another attack against wooden shacks on Niksic's Rade Knezevic Street, at dawn on Kurban Bajram, terrorists as yet unidentified extinguished the life of Branka Djukanovic (36 years old). The bullet passed through a wooden wall, and the hand of a two-year-old son sleeping next to his mother. The terrorists had chosen the day of a Muslim holiday for their attack, and were choosing Muslim apartments in the dark. Fifteen days ago the mosque in Niksic was blown up, and a month has passed since the same shacks were targeted, but at that time there were no tragic consequences. The residents of Niksic have become aware that terrorism is growing in their city, and that a decisive battle for Niksic is beginning, since some people obviously want to turn it into a battlefield.

Bullets in a Bedroom

Gano Cirikovic, the Djukanovic family's next-door neighbor, humbly says that "maybe Branka would not have died if we had left." During a 1 May attack, Gano's apartment was riddled with 13 gunshots, and this time nine bullets flew into his bedroom, but far above the bed. Gano's wife Bahrija says that then the late Branka came to see them and said, "Don't move as long as we are here." In any case, the residents of this quarter were linked by the biggest problem—poverty. They were not divided in good times or bad by what belongs to different

nations, as confirmed on the tragic evening when Slobodan Djukanovic burst through the door of his Muslim next-door neighbor and shouted, "They killed Branka!"

For Montenegro's security authorities, the "investigation is still in progress." For the time being, they have only announced that a militia patrol had passed by the site of the tragedy about 10 minutes earlier, that they arrived after several minutes, and that they concluded that the shots were fired by three individuals armed with a Scorpion automatic rifle and a (?Tejejcem) pistol. They disappeared again without a trace, but the next day on the roads of Montenegro, day and night, the militia were carrying long weapons in addition to the usual short ones. Security has been tightened, because no one is sure any longer where the terrorists will appear again. A special regime of inspection is being carried out with respect to the drivers of automobiles and other vehicles with license plates from cities encompassed by the war. The militia, or at least so it appears, are finally starting to do their job. Ten days ago Prime Minister Djukanovic stated that the details would be announced soon on an armed attack against a pickup truck being driven by workers of Muslim nationality from Pljevlja. The local head of the Serbian Radical Party was then arrested in Niksic because he was bringing weapons in from Herzegovina and selling them in Montenegro. Another three people were arrested for the same crime. Montenegro is thus becoming a hot area for those who until recently engaged in this business legally, and often in cooperation with the security authorities.

The extremists perceive this reversal as "treason to Serbdom," and are openly threatening the Montenegrins. Many people are inclined to believe that this has to do with revenge by the extremists, and that because of all this terrorists will appear more frequently, sowing fear and turning Montenegro into a war torch. The recent threat by Mirko Jovic, president of SNO [Serbian National Renewal], in connection with a statement by the Montenegrin foreign minister in Rome, also corresponds to this. Mr. Jovic recommended that the Serbs in Montenegro undertake "all precautionary measures, like their compatriots in Croatia and Bosnia, because according to the SNO's assessments, a persecution of the Serbian population is being prepared in the southern Yugoslav republic, worse than the one that has been carried out in recent years in the former republics." Analysts are prepared to assert that what served as a preface to the conflicts in the areas already enveloped by war is already happening in Montenegro. In Cetinje as well, it recently happened for the first time that the automobile of one of the SNO leaders exploded, while people in Cetinje, and even some militia members, claim that they [the SNO] planted the explosives themselves.

Change in Climate

In recent months, both the SNO and the Radicals have had their knuckles rapped in the Niksic municipality. There were also beatings in Vilusi, and four Radicals were arrested for "disturbing the peace." Last year Mirko Jovic was very dissatisfied with his reception in Niksic, amazed at the calm in that city. Soon afterward someone in Niksic started to harass Muslims, just as in Pljevlja, Bijelo Polje, and elsewhere. The investigation will soon show whether it is a matter of revenge, but the people of Niksic have shown great willingness to defend their city.

Nevertheless, it is not easy for the Muslims after the Djukanovic family's tragedy. It is not because their old, good neighbors are driving them out, but rather because of awkwardness like that felt by Gano Cirikovic, that through his presence he is endangering other people's lives. The Niksic Muslims claim that residents of Niksic are not attacking them, but fear has nevertheless driven them to seek a safer place to live at least for their children. They are thinking about leaving themselves. The authorities are calling for passions to be calmed down, giving assurances that the nameless terrorists will finally "receive" full names and suitable "lodging." "The threat to the security and human lives of citizens of Muslim nationality in Montenegro" is the subject of the Democratic Forum for Human Rights and Interethnic Relations. The chairman of that forum, Dr. Avdul Kurpejovic, claims that what is going on is "the implementation of planned ethnic cleansing, which is taking place in two phases—cleansing Pljevlja, Priboj, Prijepolje, and Bijelo Polje, and then all the remaining area of Bosnia, Montenegro, and Serbia."

Dr. Kurpejovic is not blaming the Montenegrin people for everything that is being done in Montenegro in accordance with that intetion, but rather the "national-fascist parties whose headquarters are outside Montenegro, and certain ones in Montenegro as well." Whether the bell has tolled for these parties is a question to which everyone in Montenegro, whatever nationality he belongs to, is awaiting an answer. An answer is expected from the security authorities, whose concrete results should restore citizens' lost confidence, and finally make it possible for one of the perpetrators of several hundreds of crimes in Montenegro to be punished. Only then would the idea of leaving begin to lose any sense.

Kosovo

Serb Police Arrest 13 Activists, Raid Homes

AU0807170493 Tirana Radio Tirana Network in Albanian 1330 GMT 8 Jul 93

[Text] Yesterday afternoon in Vushtrri, the Serbian police arrested 13 Albanian activists of the independent trade union while they were having a meeting of the trade union coordinating council. The Serbian state security workers questioned, harassed, and seriously beat them until after midnight, when they were released.

Today's reports from Tumance, in the Dukagjin area in Kosovo, say that Serbian police have been continuing their expeditions since last Saturday [3 July], when at midnight in Vitromice, near Peje, two Serbian police

were wounded from a bomb explosion under still unknown circumstances. The Serbian police continued to raid and mistreat many Albanian families in Peje, Decan, Istog, Kline, Gjakove, and in the nearby villages. [words indistinct] former Albanian security workers.

In Istog commune alone, the Serbian police raided the homes of 46 former Albanian security workers. The Serbian security inspectors asked them where they were on Saturday midnight at the time when the two Serbian policemen were wounded in Litomi. The police are checking the entries and exits to the cities and plundering the passersby.

At about 1530 [1330 GMT] yesterday afternoon, the Serbian police entered the premises of the Council for the Defense of Human Rights and Freedoms [KMDLNj] and started to scatter everything around and behave harshly toward council members who were present. They chained, beat, and arrested Sami (?Shkocisi), a council member. After a short time, chairman Adem Demaci arrived at the premises of the council. He asked the policemen for their authorization to enter the premises. The policemen answered that their uniform was their authorization. Demaci was threatened to be the number-one enemy of this state, adding that you Albanians should be killed not only when you are alive, but even when you are already dead.

The KMDLNj informs that the police confiscated many things found during plunder, the cartridges with which this police had killed Albanians, and documents and other materials that testify to the Serbian violence.

Human Rights Council Protests Expulsion of CSCE

AU0807154693 Tirana Radio Tirana Network in Albanian 1330 GMT 8 Jul 93

[Text] Behlul Jashari, the ATA correspondent in Prishtina, writes: On the occasion of the irrevocable decision by the Belgrade government's bodies to interrupt the work and stay of the CSCE representatives in Kosovo, Sandzak, and Vojvodina, the Prishtina-based Council for the Defense of Human Rights and Freedoms warns that numerous threats are hidden behind this decision.

A statement by this council issued for the public and signed by its chairman Adem Demaci states that the present Serbian regime has several times complained about the work of the CSCE representatives. These representatives, whom the international community sent to Kosovo, committed themselves with great effort to avoid bloody conflicts and to create a possible atmosphere for dialogue. [Words indistinct] testifies that the Serbian regime is neither for peace, nor for [word indistinct] dialogue. With the decision that the CSCE representatives leave Kosovo, foreign mediators and believers, [words indistinct] that in this way, the Serbian regime will hide the traces of unprecedented police and military violence against the Albanian population, Muslims, Turks, and other [word indistinct] peoples, the statement stresses.

Expressing its discontent about the expulsion of the CSCE mission, the Prishtina-based Council for the Defense of Human Rights and Freedoms thanks the CSCE representatives for their cooperation during their stay in Kosovo. This council expresses the readiness and hope that its cooperation with the CSCE in the future will continue in Kosovo or outside it.